ENERGIZER HOLDINGS, INC.
Form 10-K
November 16, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 30, 2018

Commission File No. 001-36837

ENERGIZER HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Missouri (State or other jurisdiction of incorporation or organization)	36-4802442 (I. R. S. Employer Identification No.)
533 Maryville University Drive St. Louis, Missouri (Address of principal executive offices)	 63141 (Zip Code)

(314) 985-2000
(Registrant's telephone number, including area code)

Title of each class	Name of each exchange on which registered
Common Stock, par value $.01 per share	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes: ý No: o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.
Yes: o No: ý

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes: ý No: o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes: ý No: o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	x	Accelerated filer	o
Non-accelerated filer	o	Smaller reporting company	o
(Do not check if smaller reporting company)		Emerging growth company	o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

The aggregate market value of the voting common equity held by nonaffiliates of the registrant as of the close of business on March 31, 2018, the last day of the registrant's most recently completed second quarter: $3,556,096,825.

(For purposes of this calculation only, without determining whether the following are affiliates of the registrant, the registrant has assumed that (i) its directors and executive officers are affiliates, and (ii) no party who has filed a Schedule 13D or 13G is an affiliate. Registrant does not have a class of non-voting equity securities.)

Number of shares of Energizer Holdings, Inc. Common Stock (“ENR Stock”), $.01 par value, outstanding as of close of business on November 12, 2018: 59,609,327.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Energizer Holdings, Inc. Notice of Annual Meeting and Proxy Statement (“Proxy Statement”) for our Annual Meeting of Shareholders which will be held January 28, 2019. The Proxy Statement will be filed within 120 days of the end of the fiscal year ended September 30, 2018. (Part III of Form 10-K).

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PART I

Part I.
Item 1. Business.
Our Company
Energizer Holdings, Inc. (Energizer), through its operating subsidiaries, is one of the world's largest manufacturers, marketers and distributors of household batteries, specialty batteries and lighting products, and a leading designer and marketer of automotive fragrance and appearance products.

Energizer is the beneficiary of over 100 years of expertise in the battery and portable lighting products industries. Its brand names, Energizer® and Eveready®, have worldwide recognition for innovation, quality and dependability, and are marketed and sold around the world.

On July 1, 2015, Energizer completed its legal separation from our former parent company, Edgewell Personal Care Company (Edgewell), via a tax free spin-off (the Spin-off or Spin).

On January 15, 2018, Energizer entered into a definitive acquisition agreement with Spectrum Brands Holdings, Inc. (Spectrum) to acquire its global battery, lighting and portable power business (Spectrum battery acquisition) for a purchase price of $2.0 billion in cash, subject to certain purchase price adjustments. The transaction was subject to various conditions, including regulatory approval. The Company has received required regulatory approval, with the exception of the European Commission (EC). On November 15, 2018, we entered into an amended definitive acquisition agreement with Spectrum and proposed a remedy for consideration to the EC. The remedy set forth by Energizer includes the divestiture of the Europe-based Varta® consumer battery business, including manufacturing and distribution facilities in Germany. Based on the original purchase price, net of anticipated divestiture proceeds, the Company now expects our net purchase price to be in the range of $1.4 to $1.5 billion. Contingent upon the EC's approval of the proposed remedy, Energizer expects to close the Spectrum battery acquisition at the beginning of calendar year 2019.

On November 15, 2018, Energizer entered into a definitive acquisition agreement to acquire Spectrum's global auto care business, including Armor All®, STP®, and A/C PRO® brands, for a purchase price of $1.25 billion, subject to certain purchase price adjustments (Spectrum auto care acquisition). The purchase price is comprised of an estimated $938 million in cash and $312 million of newly-issued equity to Spectrum. The Spectrum auto care acquisition is subject to customary closing conditions, including regulatory approvals and is expected to close in the second fiscal quarter of 2019.

Energizer operates as an independent, publicly traded company on the New York Stock Exchange, trading under the symbol "ENR."

When we use the terms "Energizer," the "Company," "we," "us" or "our" in this Annual Report on Form 10-K, we mean Energizer Holdings, Inc. and its subsidiaries on a consolidated basis, unless we state or the context implies otherwise. We use the Energizer name and logo as our trademark as well as those of our subsidiaries. Product names appearing throughout are trademarks of Energizer. This section also may refer to brand names, trademarks, service marks and trade names of other companies and organizations, and these brand names, trademarks, service marks and trade names are the property of their respective owners.
Unless indicated otherwise, the information concerning our industry contained in this Annual Report is based on Energizer's general knowledge of and expectations concerning the industry. Energizer's market position, market share and industry market size are based on estimates using Energizer's internal data and estimates, based on data from various industry analyses, its internal research and adjustments and assumptions that it believes to be reasonable. Energizer has not independently verified data from industry analyses and cannot guarantee their accuracy or completeness. In addition, Energizer believes that data regarding the industry, market size and its market position and

market share within such industry provide general guidance but are inherently imprecise. Further, Energizer's estimates and assumptions involve risks and uncertainties and are subject to change based on various factors, including those discussed in the "Risk Factors" section. These and other factors could cause results to differ materially from those expressed in the estimates and assumptions.

Our Reporting Segments
Operations for Energizer are managed via two major geographic reportable segments:
•Americas, which is comprised of North and Latin America; and
•International, which is comprised of Europe, Middle East and Africa (EMEA) and Asia Pacific.

Prior to January 1, 2018, the International segment was reported as two separate geographic reportable segments: Europe, Middle East and Africa (EMEA) and Asia Pacific. The Company changed its reporting structure to reflect how the Company is managing the operations as well as what the chief operating decision maker is reviewing to make organizational decisions about resource allocation. The prior period segment information has been recast to reflect the current reportable segment structure of the Company. See Note 19, Segments, to our Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for information regarding net sales by reportable segment.
Our Products
Today, Energizer offers batteries using many technologies including lithium, alkaline, carbon zinc, nickel metal hydride, zinc air, and silver oxide. These products are sold under the Energizer and Eveready brands in the performance, premium and price segments and include primary, rechargeable, specialty and hearing aid products. In addition, Energizer has an extensive line of lighting products designed to meet a variety of consumer needs. We manufacture, distribute, and market lighting products including headlights, lanterns, children’s lights and area lights. In addition to the Energizer and Eveready brands, we market our flashlights under the Hard Case®, Dolphin®, and WeatherReady® sub-brands. In addition to batteries and portable lights, Energizer licenses the Energizer and Eveready brands to companies developing consumer solutions in gaming, automotive batteries, portable power for critical devices (like smart phones), LED light bulbs and other lighting products.

Energizer has a long history of innovation within our categories. Since our commercialization of the first dry-cell battery in 1893 and the first flashlight in 1899, we have been committed to developing and marketing new products to meet evolving consumer needs and consistently advancing battery technology as the universe of devices has evolved. Over the past 100+ years we have developed or brought to market:

•the first flashlight;
•the first dry cell alkaline battery;
•the first mercury-free alkaline battery; and
•Energizer Ultimate Lithium®, the world’s longest-lasting AA and AAA battery for high-tech devices.

Our product development approach is grounded in meeting the needs of consumers. In household batteries, we offer a broad portfolio of batteries that deliver long-lasting performance, reliability and quality, which we believe provide consumers the best overall experience. In addition to primary battery technology we offer consumers primary rechargeable options, as well as hearing aid and specialty batteries. This broad portfolio allows us to penetrate a wide range of markets and consumer segments.

Our innovative line of portable lighting products is designed to meet a breadth of consumer needs, from outdoor activities to emergency situations. With our experience and insight, we are bringing portable lighting solutions to market that are designed to enhance the lives of consumers worldwide.

In addition, Energizer's portfolio of innovative products also includes automotive fragrance and appearance products marketed under the Nu Finish®, Refresh Your Car!®, California Scents®, Driven®, Bahama & Co.®, LEXOL®, and Eagle One® brands.

The table below sets forth our net sales by product class for the last three fiscal years:

(dollar amounts in millions)	For the Years Ended September 30, 2018	2017	2016
Net Sales			
Batteries	$1,612.7	$1,548.2	$1,498.0
Other	185.0	207.5	136.2
Total net sales	$1,797.7	$1,755.7	$1,634.2

To ensure a full understanding, you should read the selected historical financial data presented below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements and accompanying notes included elsewhere in this Annual Report.

Our Industry

We are a branded manufacturing and distribution company that markets and sells in the battery, lights and auto care categories. These categories are highly competitive, both in the U.S. and on a global basis. We invest in our brands and innovation to meet the needs of consumers, and with our large global footprint, we both manufacture and source our products. Competition within our categories is based upon brand perceptions, product performance, price, retail execution and customer service. Key drivers of the battery business are device technology, consumer demographics and disasters. Competition in this category remains aggressive in the U.S. and other markets and could continue to put additional pressure on our results going forward, particularly as consumers shift consumption between channels such as e-commerce and discounters.

In household batteries, Energizer offers batteries based on carbon zinc, alkaline, lithium, nickel metal hydride, zinc air, and silver oxide technologies. These products are sold under the Energizer and Eveready brands in the performance, premium and price segments and include primary, rechargeable, specialty and hearing aid products. In the higher-price premium and performance segments, characterized by the alkaline and lithium technologies, our primary competitor is Duracell International, Inc. (Duracell). Duracell, which primarily produces batteries using alkaline technology, is a significant global competitor. In the price-conscious market segment, characterized by price alkaline and carbon zinc technologies, we compete with a number of local country and regional manufacturers of private-label, or "non-branded," batteries, as well as branded battery manufacturers such as Spectrum Brands, Inc. and Panasonic Corporation, primarily in Latin America, Asia and EMEA. Alkaline and lithium batteries are generally both more technologically advanced and expensive, with a longer battery life, than carbon zinc batteries. Our sales in North America, Europe and more developed economies throughout the world are concentrated in alkaline batteries. We believe that private-label, or "non-branded," sales by large retailers also have an impact on the market in some parts of the world, particularly in certain European markets such as Germany and Spain.

The portable lights category volume is flat to slightly down due to LED technology. Our competition is highly fragmented with diverse competitors by markets, including private-label. Our portfolio includes portable lights under the Energizer and Eveready brands globally as well as the Dolphin brand in Australia and New Zealand. Across all brands we have a portfolio that includes hand-held, hands-free and area lighting.

Within the auto care category, Energizer has a broad portfolio of brands, including Refresh Your Car!, Driven, California Scents, and Bahama & Co. within the auto fragrance sub-category, and Nu Finish, Scratch Doctor, LEXOL and Eagle One within the auto appearance sub-category.

We sell to our customers, which include brick and mortar retailers as well as e-commerce retailers, through a combination of a direct sales force and exclusive and non-exclusive third party distributors and wholesalers, based on our go-to-market strategy for a particular market.

Sales and Distribution

We distribute our products to consumers through numerous retail locations worldwide, including mass merchandisers and warehouse clubs, food, drug and convenience stores, electronics specialty stores and department stores, hardware and automotive centers, e-commerce and military stores. Although a large percentage of our sales are attributable to a relatively small number of retail customers, in fiscal year 2018, only Wal-Mart Stores, Inc. accounted for ten percent or more (11.5%) of the Company's annual sales.

Our products are marketed primarily through a direct sales force, but also through exclusive and non-exclusive distributors and wholesalers. Our products are sold through both “modern” and “traditional” trade. “Modern” trade, which is most prevalent in North America, Western Europe, and more developed economies throughout the world, generally refers to sales through large retailers with nationally or regionally recognized brands. “Traditional” trade, which is more common in developing markets in Latin America, Asia, the Middle East and Africa, generally refers to sales by wholesalers or small retailers who may not have a national or regional presence.

Because of the short period between order and shipment date (generally less than one month) for most of our orders, the dollar amount of current backlog is not material and is not considered to be a reliable indicator of future sales volume. Generally, sales to our top customers are made pursuant to purchase orders and we do not have guarantees of minimum purchases from them. As a result, these customers may cancel their purchase orders or reschedule or decrease their level of purchases from us at any time.

Sources and Availability of Raw Materials

The principal raw materials used by Energizer include electrolytic manganese dioxide, zinc, silver, nickel, lithium, graphite, steel, plastic, brass wire, and potassium hydroxide. The prices and availability of these raw materials have fluctuated over time. We believe that adequate supplies of the raw materials required for our operations are available at the present time, although we cannot predict the future availability or prices of such materials. These raw materials are generally available from a number of different sources, and the prices of those raw materials are susceptible to currency fluctuations and price fluctuations due to supply and demand, transportation, government regulations, price controls, economic climate, or other unforeseen circumstances. In the past, we have not experienced any significant interruption in availability of raw materials. We believe we have extensive experience in purchasing raw materials in the commodity markets. From time to time, our management has purchased materials or entered into forward commitments for various ingredients to assure supply and to protect margins on anticipated sales volume.

Our Trademarks, Patents and Technology

Our ability to compete effectively in the battery and portable lighting categories depends, in part, on our ability to protect our brands and maintain the proprietary nature of our technologies and manufacturing processes through a combination of trademark, patent and trade secret protection. We own thousands of Energizer and Eveready trademarks globally, which we consider to be of substantial importance and which are used individually or in conjunction with other sub-brand names. As of September 30, 2018, the Energizer trademark was registered in 169 countries, and the Eveready trademark was registered in 143 countries, including in each case, in the United States. Additionally, the Energizer Bunny design trademark was registered in 48 countries, including in the United States, and the Mr. Energizer design trademark was registered in 69 countries and the European Union. The number of Energizer, Eveready, Energizer bunny design, and Mr. Energizer design trademarks, including related designs, slogans and sub-brands, is currently over 2,700 worldwide. In our auto care business, as of September 30, 2018, we also have the Refresh Your Car! trademark registered in 26 countries, the California Scents trademark registered in 28 countries, the Driven trademark registered in 25 countries, the Bahama & Co. trademark registered in 24 countries, the LEXOL trademark registered in 8 countries, the Eagle One trademark registered in 101 countries and the Nu Finish trademark registered in 19 countries. Each of the referenced trademarks is registered in the United States. The number of trademarks making up the total of the auto care trademark portfolio globally, including related designs, slogans, and sub-brands, is currently over 400 worldwide.

We also own a number of patents, patent applications and other technology that relate primarily to battery, lighting and automotive fragrance and appearance products, which we believe are significant to our business. As of September 30, 2018, we owned approximately 541 United States utility and design patents, which have a range of expiration dates from October 2018 to July 2037, and approximately 52 United States pending patent applications. We expect to routinely prepare additional patent applications for filing in the United States and abroad. As of September 30, 2018, we owned (directly or beneficially) approximately 606 foreign patents and approximately 41 patent applications pending in foreign countries.

Seasonality

Sales and operating profit for our business tend to be seasonal, with increased purchases by consumers and increases in retailer inventories occurring for batteries during our fiscal first quarter and for automotive fragrance and appearance products during our fiscal second and third quarters. In addition, natural disasters such as hurricanes can create conditions that drive short-term increases in the need for portable power and lighting products and thereby increase our battery and flashlight sales. As a result of this seasonality, our inventory and working capital needs fluctuate throughout the year.

Employees

As of September 30, 2018, we have approximately 4,000 employees, including approximately 1,300 employees based in the U.S. Roughly 30 employees are unionized, primarily at our Marietta, Ohio facility. Overall, we consider our employee relations to be good.

Governmental Regulations and Environmental Matters

Our operations are subject to various federal, state, foreign and local laws and regulations intended to protect public health and the environment.

Contamination at current and former facilities as well as third-party waste disposal sites continues to be monitored. In connection with some sites, we are in dialogue with federal or state agencies and/or private parties seeking contributions as a “potentially responsible party” under the Comprehensive Environmental Response, Compensation and Liability Act. The amount of our ultimate liability in connection with such facilities and sites will depend on many factors, including the type and extent of contamination, whether remediation should occur, the remediation methods and technology to be used, the extent to which other parties may share liability and, in the case of waste disposal sites, the volume and toxicity of material at the site. In fiscal year 2018, we spent approximately $1 million on environmental monitoring/remedial matters. However, these costs can fluctuate from discovery of additional contamination or the imposition of further cleanup obligations.

Total environmental capital expenditures and operating expenses continue to increase, although due to optimization efforts, the expenditures are not expected to have a material effect on total capital and operating expenditures, consolidated earnings or competitive positioning at this time. Environmental spending estimates could be modified as a result of changes in legal requirements or the enforcement or interpretation of existing requirements. Any imposition of new or more stringent environmental requirements and increased enforcement may increase the risk and expense of doing business in such countries.

Available Information

Energizer regularly files periodic reports with the SEC, including annual reports on Form 10-K and quarterly reports on Form 10-Q, as well as, from time to time, current reports on Form 8-K, and amendments to those reports. The SEC maintains an Internet site containing these reports, and proxy and information statements, at www.sec.gov. These filings are also available free of charge on Energizer's website, at www.energizerholdings.com, as soon as reasonably practicable after their electronic filing with the SEC. Information on Energizer's website does not constitute part of this Form 10-K.

Item 1A. Risk Factors.

In the course of conducting our business operations, we are exposed to a variety of risks, some of which are inherent in our industry and others of which are more specific to our own businesses. The discussion below addresses the most significant factors, of which we are currently aware, that could affect our businesses, results of operations and financial condition. Additional factors that could affect our businesses, results of operations and financial condition are discussed in Forward-Looking Statements in Management’s Discussion and Analysis of Financial Condition and Results of Operations. However, other factors not discussed below or elsewhere in this Annual Report on Form 10-K could also adversely affect our businesses, results of operations and financial condition. Therefore, the risk factors below should not be considered a complete list of potential risks that we may face.

Any risk factor described in this Annual Report on Form 10-K or in any of our other SEC filings could by itself, or together with other factors, materially adversely affect our liquidity, competitive position, business, reputation, results of operations, capital position or financial condition, including by materially increasing our expenses or decreasing our revenues, which could result in material losses.

Risks Related to Our Business

We face risks associated with global economic conditions.

Unfavorable global economic conditions and uncertainty about future economic prospects could reduce consumer demand for our products. This could occur as a result of a reduction in discretionary spending or a shift of purchasing patterns to lower cost options such as private label brands sold by retail chains or price brands. This shift could drive the market towards lower margin products or force us to reduce prices for our products in order to compete. Similarly, our retailer customers could reduce their inventories, shift to different products or require us to lower our prices to retain the shelf placement of our products. Declining financial performance by certain of our retailer customers could impact their ability to pay us on a timely basis, or at all. Worsening economic conditions could harm our sales and profitability. Additionally, disruptions in financial markets could reduce our access to debt and equity capital markets, negatively affecting our ability to implement our business strategy.

Competition in our industries may hinder our ability to execute our business strategy, achieve profitability, or maintain relationships with existing customers.

The categories in which we operate are mature and highly competitive, both in the United States and globally, as a limited number of large manufacturers compete for consumer acceptance, limited retail shelf space and e-commerce opportunities. Because of the highly competitive environment in which we operate, as well as increasing retailer concentration, our retailer customers, including online retailers, frequently seek to obtain pricing concessions or better trade terms, resulting in either reduction of our margins or losses of distribution to lower-cost competitors.

Competition is based upon brand perceptions, innovation, product performance, customer service and price. Our ability to compete effectively may be affected by a number of factors, including:

- our competitors may have substantially greater financial, marketing, research and development and other resources and greater market share in certain segments than we do, which could provide them with greater scale and negotiating leverage with retailers and suppliers;
- our competitors may have lower production, sales and distribution costs, and higher profit margins, which may enable them to offer aggressive retail discounts and other promotional incentives;
- our competitors have obtained, and may in the future be able to obtain, exclusivity or sole source at particular retailers or favorable in-store placement; and
- we may lose market share to certain retailers, including club stores, grocery, dollar stores, mass merchandisers and internet-based retailers, which may offer “private label” brands that are typically sold at lower prices and compete with the Company’s products in certain categories.

The changing retail environment could affect our business, financial condition and results of operations.

Our sales are largely concentrated in the traditional retail grocery, mass retail outlet, warehouse club and dollar store channels. However, alternative retail channels, including hard discounters, e-commerce retailers and subscription services, have become more prevalent and consumer products are increasingly being sold through such alternative retail channels. Although we are engaged in e-commerce with respect to many of our products, if we are not successful in expanding sales in such alternative retail channels, our business, financial condition and results of operations may be negatively impacted. In addition, the growth of the alternative retail channels that are focused on limiting the number of items they sell and selling predominantly “private label” products may reduce our ability to market and sell our products through such retailers. The retail environment is changing with the growth of alternative retail channels and this could significantly change the way traditional retailers do business. If these alternative retail channels were to take significant market share away from traditional retailers and/or we are not successful in these alternative retail channels, our margins and results of operations may be negatively impacted.

Additionally, as a result of the desire of retailers to more closely manage inventory levels, there is a growing trend among them to purchase products on a “just-in-time” basis. Due to a number of factors, including (i) manufacturing lead-times, (ii) seasonal purchasing patterns and (iii) the potential for material price increases, we may be required to shorten its lead-time for production and more closely anticipate its retailers’ and customers’ demands, which could in the future require us to carry additional inventories and increase our working capital and related financing requirements. This may increase the cost of warehousing inventory or result in excess inventory becoming difficult to manage, unusable or obsolete. In addition, if its retailers significantly change its inventory management strategies, we may encounter difficulties in filling customer orders or in liquidating excess inventories, or may find that customers are cancelling orders or returning products, which may have a material adverse effect on its business.
Loss of reputation of our leading brands or failure of our marketing plans could have an adverse effect on our business.

We depend on the continuing reputation and success of our brands, particularly our Energizer and Eveready brands. Our operating results could be adversely affected if any of our leading brands suffers damage to its reputation due to real or perceived quality issues. Any damage to the Energizer and Eveready brands could impair our ability to charge premium prices for our products, resulting in the reduction of our margins or losses of distribution to lower price competitors.

The success of our brands can suffer if our marketing plans or new product offerings do not improve, or have a negative impact on, our brands' image or ability to attract and retain consumers. Additionally, if claims made in our marketing campaigns become subject to litigation alleging false advertising, which is common in our industry, it could damage our brand, cause us to alter our marketing plans in ways that may materially and adversely affect sales, or result in the imposition of significant damages against us. Further, a boycott or other campaign critical of us, through social media or otherwise, could negatively impact our brands' reputation and consequently our products' sales.

Loss of any of our principal customers could significantly decrease our sales and profitability.

Generally, sales to our top customers are made pursuant to purchase orders and we do not have guarantees of minimum purchases from them. As a result, these customers may cancel their purchase orders or reschedule or decrease their level of purchases from us at any time. The loss or a substantial decrease in the volume of purchases by any of our top customers would harm our sales and profitability. Additionally, increasing retailer customer concentration could result in reduced sales outlets for our products, as well as greater negotiating pressures and pricing requirements on us.

Sales of our battery products may be impacted by further changes in technology and device trends, which could impair our operating results and growth prospects.

We have been assessing volume and device trends in the battery category over the last several years, and although baseline emerging device and demographic trends combined with the stabilization of the device universe lead us to believe the long term outlook for category volume will be flat to slightly positive, there is no assurance this trend will continue. An increasing number of devices are using built-in battery systems, particularly in developed markets, leading to potential declining volume trend in the battery category. Additionally, there could be a negative impact on the demand for primary batteries and could put additional pressure on results going forward, both directly through reduced consumption and indirectly as manufacturers aggressively price and promote their products to seek to retain market share or gain battery shelf space.

We are subject to risks related to our international operations, including currency fluctuations, which could adversely affect our results of operations.

Our business is currently conducted on a worldwide basis, with approximately half of our sales in fiscal year 2018 arising from foreign countries, and a significant portion of our production capacity and cash located overseas. Consequently, we are subject to a number of risks associated with doing business in foreign countries, including:

- the possibility of expropriation, confiscatory taxation or price controls;
- the inability to repatriate foreign-based cash for strategic needs in the U.S., either at all or without incurring significant income tax and earnings consequences, as well as the heightened counterparty, internal control and country-specific risks associated with holding cash overseas;
- the effect of foreign income taxes, value-added taxes and withholding taxes, including the inability to recover amounts owed to us by a government authority without extended proceedings or at all;
- the effect of the U.S. tax treatment of foreign source income and losses, and other restrictions on the flow of capital between countries;
- adverse changes in local investment, local employment, local training or exchange control regulations;
- restrictions on and taxation of international imports and exports;
- currency fluctuations, including the impact of hyper-inflationary conditions in certain economies, particularly where exchange controls limit or eliminate our ability to convert from local currency;
- political or economic instability, government nationalization of business or industries, government corruption and civil unrest, including political or economic instability in the countries of the Eurozone, Egypt, Russia, the Middle East and certain markets in Latin America;
- legal and regulatory constraints, including tariffs and other trade barriers;
- difficulty in enforcing contractual and intellectual property rights; and
- a significant portion of our sales are denominated in local currencies but reported in U.S. dollars, and a high percentage of product costs for such sales are denominated in U.S. dollars. Therefore, although we may hedge a portion of the exposure, the strengthening of the U.S. dollar relative to such currencies can negatively impact our reported sales and operating profits.

The U.S. dollar has strengthened significantly against most currencies, and our segment profit could be impacted by adverse currency movements.

Our reliance on certain significant suppliers subjects us to numerous risks, including possible interruptions in supply, which could adversely affect our business.

Our ability to maintain consistent quality throughout our operations depends in part upon our ability to acquire certain products in sufficient quantities. Supply shortages for a particular component can delay production and thus delay shipments to customers and the associated revenue of all products using that component. This could cause the Company to experience a reduction in sales, increased inventory levels and costs and could adversely affect relationships with existing and prospective customers. In some cases, we may have only one supplier for a product or service. Our dependence on single-source suppliers subjects us to the possible risks of shortages, interruptions and price fluctuations, and possible litigation when we change vendors because of performance issues. Global economic factors and the weak economic recovery continue to put significant pressure on suppliers, with some suppliers facing financial distress and others attempting to rebuild profitability, all of which tends to make the supply environment more expensive. If any of these vendors is unable to fulfill its obligations, or if we are unable to find replacement suppliers in the event of a supply disruption, we could encounter supply shortages and/or incur higher costs to secure adequate supplies, either of which could materially harm our business.

Our business is subject to increasing regulation in the U.S. and abroad.

The manufacture, packaging, labeling, storage, distribution, advertising and sale of our products are subject to extensive regulation in the U.S., including by the Consumer Product Safety Commission, the Environmental Protection Agency, and by the Federal Trade Commission with respect to advertising. Similar regulations have been adopted by authorities in foreign countries where we sell our products, and by state and local authorities in the U.S. Legislation is continually being introduced in the United States and other countries, and new or more restrictive regulations or more restrictive interpretations of existing regulations, particularly in the battery industry, are likely and could have an adverse impact on our business. Legislative and regulatory changes by taxing authorities have an impact on our effective tax rate, and we may be subject to additional costs arising from new or changed regulations, including those relating to health care and energy. Additionally, recent reform proposals have introduced greater uncertainty with respect to tax and trade policies, tariffs and government regulations affecting trade between the U.S. and other countries. Major developments in tax policy or trade relations could have a material effect on our balance sheet and results of operations.

The U.S. Foreign Corrupt Practices Act (FCPA) prohibits bribery of public officials to obtain or retain business in foreign jurisdictions. The FCPA also requires us to keep accurate books and records and to maintain internal accounting controls to detect and prevent bribery and to ensure that transactions are properly authorized. We have implemented and continue to develop a robust anti-corruption compliance program applicable to our global operations to detect and prevent bribery and to comply with these and other anti-corruption laws in countries where we operate.

Our business is subject to competition laws in the various jurisdictions where we operate, including the Sherman Antitrust Act and related federal and state antitrust laws in the U.S. These laws and regulations generally prohibit competitors from fixing prices, boycotting competitors, or engaging in other conduct that unreasonably restrains competition. In many jurisdictions, compliance with these competition laws is of special importance to us, and our operations may come under special scrutiny by competition law authorities, due to our competitive position in those jurisdictions.

Outside the U.S., our business is subject to numerous similar statutes and regulations, as well as other legal and regulatory requirements. For example, we are subject to legal and regulatory requirements of the European Union (the EU), as well as those of EU countries where we conduct business (including the U.K., Ireland, and France), which requirements relate to, among other things, competition, product composition, packaging, labeling, advertisement and the safety of our products, as well as the health, safety and working conditions of employees.

We are subject to privacy laws in the EU, including the new regulation that became effective in May 2018, the General Data Protection Regulation (GDPR), which requires companies to meet new requirements regarding the handling of personal data, including, for example, increased requirements to erase an individual's information upon request, mandatory data breach notification requirements and onerous new obligations on service providers. The implementation of the GDPR may require substantial amendments to procedures and policies, and these changes could impact our business by increasing operational and compliance costs.

In addition, our business is subject to the U.K. Bribery Act 2010, an anti-corruption law that restricts the offer or payment of anything of value to both government officials as well as to other non-governmental persons with the intent of gaining favorable government action, business or an advantage.

All of our company’s facilities and other operations in the U.S. and elsewhere around the world are subject to various environmental protection statutes and regulations. See the risk factor entitled “We are subject to environmental laws and regulations that may expose us to significant liabilities.” below.

A finding that we are in violation of, or not in compliance with, applicable laws or regulations in the areas above, as well laws or regulations related to competition/antitrust, anti-corruption, trade compliance, data privacy and other areas, could subject us to material civil remedies, including fines, damages, injunctions, product recalls, or criminal sanctions. Even if a claim is unsuccessful, is not merited or is not fully pursued, the negative publicity surrounding such assertions could jeopardize our reputation and brand image and have a material adverse effect on our businesses, as well as require resources to rebuild our reputation.

A failure of a key information technology system could adversely impact our ability to conduct business.

We rely extensively on information technology systems, including some that are managed by third-party service providers, in order to conduct business. These systems include, but are not limited to, programs and processes relating to internal and external communications, ordering and managing materials from suppliers, converting materials to finished products, shipping products to customers, processing transactions, summarizing and reporting results of operations, and complying with regulatory, legal or tax requirements. These information technology systems could be damaged or cease to function properly due to the poor performance or failure of third party service providers, catastrophic events, power outages, security breaches, network outages, failed upgrades or other similar events. If our business continuity plans do not effectively resolve such issues on a timely basis, we may suffer interruptions in conducting our business, which may adversely impact our operating results. In addition, we continuously assess and implement upgrades to improve our information technology systems globally. As such, during these implementation periods, we face a heightened risk of system interruptions and deficiencies or failures in our internal controls involving our information systems and processes.

Our business is vulnerable to the availability of raw materials, our ability to forecast customer demand and our ability to manage production capacity.

Our ability to meet customer demand depends, in part, on our production capacity and on obtaining supplies, a number of which can only be obtained from a single supplier or a limited number of suppliers. A reduction or disruption in our production capacity or our supplies could delay products and fulfillment of orders and otherwise negatively impact our business.

We must accurately predict both the demand for our products and the lead times required to obtain the necessary components and materials. If we overestimate demand, we may experience underutilized capacity and excess inventory levels. If we underestimate demand, we may miss delivery deadlines and sales opportunities and incur additional costs for labor overtime, equipment overuse and logistical complexities. Additionally, our production capacity could be affected by manufacturing problems. Difficulties in the production process could reduce yields or interrupt production, and, as a result, we may not be able to deliver products on time or in a cost-effective, competitive manner. Our failure to adequately manage our capacity could have a material adverse effect on our business, financial condition and results of operations.

Our ability to meet customer demand also depends on our ability to obtain timely and adequate delivery of materials, parts and components from our suppliers. From time to time, suppliers may extend lead times, limit the amounts supplied to us or increase prices due to capacity constraints or other factors. Supply disruptions may also occur due to shortages in critical materials. In addition, a number of our raw materials are obtained from a single supplier. Many of our suppliers must undertake a time-consuming qualification process before we can incorporate their raw materials into our production process. If we are unable to obtain materials from a qualified supplier, it can take up to a year to qualify a new supplier, assuming an alternative source of supply is available. A reduction or interruption in supplies or a significant increase in the price of one or more supplies could have a material adverse effect on our business, financial condition and results of operations.

Our operations depend on the use of information technology systems that are subject to data privacy regulations and could be the target of cyberattack.

Our systems and networks, as well as those of our retailer customers, suppliers, service providers, and banks, have and may in the future become the target of cyberattacks or information security breaches, which in turn could result in the unauthorized release and misuse of confidential or proprietary information about our company, employees, customers or consumers, as well as disrupt our operations or damage our facilities or those of third parties. Additionally, our systems are subject to regulation to preserve the privacy of certain data held on those systems. As a result, a failure to comply with applicable regulations or an unauthorized breach or cyberattack could negatively impact our revenues and increase our operating and capital costs. It could also damage our reputation with retailer customers and consumers and diminish the strength and reputation of our brands, or require us to pay monetary penalties. We may also be required to incur additional costs to modify or enhance our systems or in order to try to prevent or remediate any such attacks.

If we cannot continue to develop new products in a timely manner, market them at favorable margins, and maintain attractive performance standards in our existing products, we may not be able to compete effectively.

The battery, portable lighting, automotive fragrance and appearance products industries have been notable for developments in product life, product design and applied technology, and our success depends on future innovations by us. The successful development and introduction of new products requires retail and consumer acceptance and overcoming the reaction from competitors. New product introductions in categories where we have existing products will likely also reduce the sales of our existing products. Our investments in research and development may not result in successful products or innovation that will recover the costs of such investments. Our customers or end consumers may not purchase our new products once introduced. Additionally, new products could require regulatory approval which may not be available or may require modification to the product which could impact the production process. Our competitors may introduce new or enhanced products that outperform ours, or develop manufacturing technology that permits them to manufacture at a lower cost relative to ours and sell at a lower price. If we fail to develop and launch successful new products or fail to reduce our cost structure to a competitive level, we may be unable to grow our business and compete successfully.

Our business also depends on our ability to continue to manufacture our existing products to meet the applicable product performance claims we have made to our customers. Any decline in these standards could result in the loss of business and negatively impact our performance and financial results. Finally, our ability to maintain favorable margins on our products requires us to manage our manufacturing and other production costs relative to our prices. We may not be able to increase our prices in the event that our production costs increase, which would decrease our profit margins and negatively impact our business and financial results.

We are subject to environmental laws and regulations that may expose us to significant liabilities.

We must comply with various environmental laws and regulations in the jurisdictions in which we operate, including those relating to the handling and disposal of solid and hazardous wastes, recycling of batteries and the remediation of contamination associated with the use and disposal of hazardous substances. A release of such substances due to accident or an intentional act could result in substantial liability to governmental authorities or to third parties. Pursuant to certain environmental laws, we could be subject to joint and several strict liability for contamination relating to our or our predecessors' current or former properties or any of their respective third-party waste disposal sites. In addition to potentially significant investigation and remediation costs, any such contamination can give rise to claims from governmental authorities or other third parties for natural resource damage, personal injury, property damage or other liabilities. Contamination has been identified at certain of our current and former facilities as well as third-party waste disposal sites, and we are conducting investigation and remediation activities in relation to such properties. The discovery of additional contamination or the imposition of further cleanup obligations at these or other properties could have a material adverse effect on our businesses, results of operations or financial condition. We have incurred, and will continue to incur, capital and operating expenses and other costs in complying with environmental laws and regulations. As new laws and regulations are introduced, we could become subject to additional environmental liabilities in the future that could cause a material adverse effect on our results of operations or financial condition.

The resolution of our tax contingencies may result in additional tax liabilities, which could adversely impact our cash flows and results of operations.

Significant estimation and judgment are required in determining our tax provisions for taxes in the U.S. and jurisdictions outside the U.S. In the ordinary course of our business, there are transactions and calculations in which the ultimate tax determination is uncertain. We are regularly audited by tax authorities and, although we believe our tax positions are defensible and our tax provision estimates are reasonable, the final outcome of tax audits and related litigation could be materially different than that reflected in our income tax provisions and accruals. The unfavorable resolution of any audits or litigation could have an adverse impact on future operating results and our financial condition.

Changes in production costs, including raw material prices, could erode our profit margins and negatively impact operating results.

Pricing and availability of raw materials, energy, shipping and other services needed for our business can be volatile due to general economic conditions, labor costs, production levels, import duties and tariffs and other factors beyond our control. There is no certainty that we will be able to offset future cost increases. This volatility can significantly affect our production cost and may, therefore, have a material adverse effect on our business, results of operations and financial condition.

Our manufacturing facilities, supply channels or other business operations may be subject to disruption from events beyond our control.

Operations of our manufacturing and packaging facilities worldwide and of our corporate offices, and the methods we use to obtain supplies and to distribute our products, may be subject to disruption for a variety of reasons, including availability of raw materials, work stoppages, industrial accidents, disruptions in logistics, loss or impairment of key manufacturing sites, product quality or safety issues, licensing requirements and other regulatory issues, trade disputes between countries in which we have operations, such as the U.S. and China, and acts of war, terrorism, pandemics, fire, earthquake, flooding or other natural disasters. The supply of our raw materials may be similarly disrupted. There is also a possibility that third-party manufacturers, which produce a significant portion of certain of our products, could discontinue production with little or no advance notice, or experience financial problems or problems with product quality or timeliness of product delivery, resulting in manufacturing delays or disruptions, regulatory sanctions, product liability claims or consumer complaints. If a major disruption were to occur, it could result in delays in shipments of products to customers or suspension of operations. We maintain business interruption insurance to potentially mitigate the impact of business interruption, but such coverage may not be sufficient to offset the financial or reputational impact of an interruption.

In addition, sales of certain of our products tend to be seasonal. As a result of this seasonality, our inventory and working capital needs fluctuate significantly throughout the year. Orders from retailers are often made late in the period preceding the applicable peak season, making forecasting of production schedules and inventory purchases difficult. If we are unable to accurately forecast and prepare for customer orders or our working capital needs, or there is a general downturn in business or economic conditions during these periods, our business, financial condition and results of operations could be materially and adversely affected.

We have significant debt obligations that could adversely affect our business and our ability to meet our obligations.

As of September 30, 2018, our total aggregate outstanding indebtedness was approximately $2.5 billion, inclusive of debt held in escrow for the Spectrum battery acquisition, with $103.3 million of additional capacity available under a senior secured revolving credit facility, inclusive of issued and outstanding letters of credit totaling $6.7 million.

This significant amount of debt could have important consequences to us and our shareholders, including:

- requiring a substantial portion of our cash flow from operations to make payments on this debt, thereby limiting the cash we have available to fund future growth opportunities, such as research and development, capital expenditures and acquisitions;
- restrictive covenants in our debt arrangements which limit our operations and borrowing, and place restrictions on our ability to pay dividends or repurchase common stock;
- the risk of a future credit ratings downgrade of our debt or rising interest rates on our variable rate debt increasing future debt costs and limiting the future availability of debt financing;
- increasing our vulnerability to general adverse economic and industry conditions and limiting our flexibility in planning for, or reacting to, changes in our business and industry, due to the need to use our cash to service our outstanding debt;
- placing us at a competitive disadvantage relative to our competitors that are not as highly leveraged with debt and that may therefore be able to invest more in their business or use their available cash to pursue other opportunities, including acquisitions; and
- limiting our ability to borrow additional funds as needed or take advantage of business opportunities as they arise.

In addition, our actual cash requirements in the future may be greater than expected. Our cash flow from operations may not be sufficient to repay all of our outstanding debt as it becomes due, and we may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to refinance our debt.

We may need additional financing in the future, and such financing may not be available on favorable terms, or at all, and may be dilutive to existing shareholders.

In addition to any debt obligations we incurred in connection with the separation from our former parent, we may need to seek additional financing for our general corporate purposes. For example, we may need to increase our investment in research and development activities or require funding to make acquisitions. We may be unable to obtain desired additional financing on terms favorable to us, or at all. For example, during periods of volatile credit markets, there is a risk that lenders, even those with strong balance sheets and sound lending practices, could fail or refuse to honor their credit commitments and obligations, including, but not limited to, extending credit up to the maximum permitted by a credit facility and otherwise accessing capital or honoring loan commitments. If our lenders are unable to fund borrowings under their loan commitments or we are unable to borrow, it could be difficult to replace such loan commitments on similar terms or at all. If adequate funds are not available on acceptable terms, we may be unable to fund growth opportunities, successfully develop or enhance products, or respond to competitive pressures, any of which could negatively affect our business. If we raise additional funds through the issuance of equity securities, our shareholders will experience dilution of their ownership interest. If we raise additional funds by issuing debt, we may be subject to limitations on our operations and ability to pay dividends due to restrictive covenants. Generally, to the extent that we incur additional indebtedness, all of the risks described above in connection with our debt obligations could increase.

If we fail to adequately protect our intellectual property rights, competitors may manufacture and market similar products, which could adversely affect our market share and results of operations.

The vast majority of our total revenues are from products bearing proprietary trademarks and brand names. In addition, we own or license from third parties a number of patents, patent applications and other technology. We rely on trademark, trade secret, patent and copyright laws to protect our intellectual property rights. There is a risk that we will not be able to obtain and perfect or maintain our own intellectual property rights or, where appropriate, license intellectual property rights necessary to support new product introductions. In addition, even if such rights are protected in the United States, the laws of some other countries in which our products are or may be sold do not protect intellectual property rights to the same extent as the laws of the United States. We cannot be certain that our intellectual property rights will not be invalidated, circumvented or challenged in the future, and we could incur significant costs in connection with legal actions relating to such rights. As patents expire, we could face increased competition, which could negatively impact our operating results. If other parties infringe on our intellectual property rights, they may dilute the value of our brands in the marketplace, which could diminish the value that consumers associate with our brands and harm our sales.

Our future financial performance and success are dependent on our ability to execute our business strategies successfully.

Our products are currently marketed and sold through a dedicated commercial organization and exclusive and non-exclusive third-party distributors and wholesalers. As part of the separation from our former parent, we increased our use of exclusive and non-exclusive third-party distributors and wholesalers. We also decreased or eliminated our business operations in certain countries with large numbers of local and regional low-cost competitors in order to increase our profitability. In addition, we shifted from a decentralized management structure to a model in which many functions are managed centrally. We expect that these changes in our business strategy will enable us to reach new retail customers and consumers, and focus our business operations on more profitable markets. However, the use of distributors in markets where we have historically maintained a direct presence could adversely impact the reputation of our brands and negatively impact our results of operations. Despite our efforts, we cannot guarantee that we will be able to efficiently implement our strategies in a timely manner to exploit potential market opportunities, achieve the goals of our long-term business strategies, or meet competitive challenges. If we are unable to execute our business strategies successfully, our revenues and marketability may be adversely affected.

If we pursue strategic acquisitions, divestitures or joint ventures, we may not be able to successfully consummate favorable transactions or successfully integrate acquired businesses.

From time to time, we may evaluate potential acquisitions, divestitures or joint ventures that would further our strategic objectives. With respect to acquisitions, we may not be able to identify suitable candidates, consummate a transaction on terms that are favorable to us, or achieve expected returns and other benefits as a result of integration challenges. With respect to proposed divestitures of assets or businesses, we may encounter difficulty in finding acquirers or alternative exit strategies on terms that are favorable to us, which could delay the accomplishment of our strategic objectives, or our divestiture activities may require us to recognize impairment charges. Companies or operations acquired or joint ventures created may not be profitable or may not achieve sales levels and profitability that justify the investments made. Our corporate development activities may present financial and operational risks, including diversion of management attention from existing core businesses, integrating or separating personnel and financial and other systems, and may have adverse effects on our existing business relationships with suppliers and customers. Future acquisitions could also result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities or amortization expenses related to certain intangible assets, and increased operating expenses, which could adversely affect our results of operations and financial condition. Furthermore, if we issue equity or debt securities to raise additional funds, our existing shareholders may experience significant dilution, and the new equity or debt securities may have rights, preferences and privileges senior to those of our existing stockholders. Furthermore, if we sell a substantial number of shares of common stock in the public markets, the availability of those shares for sale could adversely affect the market price of our common stock. Such sales, or the perception in the market that holders of a large number of shares intend to sell shares, could depress the market price of our common stock and impair our ability to raise capital through the sale of additional equity securities. For one or more of these transactions, we may:

- use cash that we may need in the future to operate our business;
- incur large charges or substantial liabilities;
- incur debt on terms unfavorable to us or that we are unable to repay; and
- encounter difficulties retaining key employees of the acquired company.

Our business involves the potential for claims of product liability and other tort claims against us, which could affect our results of operations and financial condition and result in product recalls or withdrawals.

We face exposure to claims arising out of alleged defects in our products, including for property damage, bodily injury or other adverse effects. We maintain product liability insurance, but this insurance does not cover all types of claims, particularly claims that do not involve personal injury or property damage or claims that exceed the amount of insurance coverage. Further, we may not be able to maintain such insurance in sufficient amounts, on desirable terms, or at all, in the future. In addition to the risk of monetary judgments not covered by insurance, product liability claims could result in negative publicity that could harm our products' reputation and in certain cases require a product recall. Product withdrawals or product liability claims, and any subsequent remedial actions, could have a material adverse effect on our business, reputation, brand value, results of operations and financial condition.

We may not be able to attract, retain and develop key personnel.

Our future performance depends in significant part upon the continued service of our executive officers and other key personnel. The loss of the services of one or more of our executive officers or other key employees could have a material adverse effect on our business, prospects, financial condition and results of operations. Our success also depends on our continuing ability to attract, retain and develop highly qualified personnel, including future members of our management team. Competition for such personnel is intense, and there can be no assurance that we can retain and motivate our key employees or attract and retain other highly qualified personnel in the future. Additionally, the escalating costs of offering and administering health care, retirement and other benefits for employees could result in reduced profitability.

We may experience losses or be subject to increased funding and expenses related to our pension plans.

We assumed pension plan liabilities related to our current and former employees in connection with the separation. Effective January 1, 2014, the pension benefit earned to date by active participants under the legacy U.S. pension plan was frozen and future retirement service benefits are no longer accrued under this retirement program; however, our pension plan obligations remain significant. If the investment of plan assets does not provide the expected long-term returns, if interest rates or other assumptions change, or if governmental regulations change the timing or amounts of required contributions to the plans, we could be required to make significant additional pension contributions, which may have an adverse impact on our liquidity, our ability to comply with debt covenants and may require recognition of increased expense within our financial statements.

Our credit ratings are important to our cost of capital.

We expect that the major credit rating agencies will continue to evaluate our creditworthiness and give us specified credit ratings. These ratings would be based on a number of factors, including our financial strength and financial policies as well as our strategies, operations and execution. These credit ratings are limited in scope, and do not address all material risks related to investment in Energizer, but rather reflect only the view of each rating agency at the time the rating is issued. Nonetheless, the credit ratings we receive will impact our borrowing costs as well as our access to sources of capital on terms that will be advantageous to our business. Failure to obtain sufficiently high credit ratings could adversely affect the interest rate in future financings, our liquidity or our competitive position and could also restrict our access to capital markets. There can be no assurance that any credit ratings we receive will remain in effect for any given period of time or that a rating will not be lowered, suspended or withdrawn entirely by the applicable rating agencies if, in such rating agency's judgments, circumstances so warrant.

Risks Related to Our Common Stock

We cannot guarantee the timing, amount or payment of dividends or share repurchases on our common stock.

Although we expect to pay regular cash dividends and conduct periodic share repurchase programs, the timing, declaration, amount and payment of future dividends to shareholders or repurchases of the Company's common stock will fall within the discretion of our Board of Directors.

The Board's decisions regarding the payment of dividends or repurchase of shares will depend on many factors, such as our financial condition, earnings, capital requirements, debt service obligations, covenants associated with certain of our debt service obligations, industry practice, legal requirements, regulatory constraints and other factors that our Board of Directors deems relevant. Our ability to pay dividends and repurchase shares will depend on our ongoing ability to generate cash from operations and on our access to the capital markets. We cannot guarantee that we will pay a dividend or repurchase shares in the future or continue to pay any dividend or conduct share repurchase programs.

Your percentage of ownership in Energizer may be diluted in the future.

In the future, your percentage ownership in Energizer may be diluted because of equity issuances for acquisitions, capital market transactions or otherwise, including equity awards that we grant to our directors, officers and employees. From time to time, we will issue additional stock-based awards to our employees under our employee benefits plans. Such awards will have a dilutive effect on our earnings per share, which could adversely affect the market price of our common stock.

In addition, our amended and restated articles of incorporation authorizes us to issue, without the approval of our shareholders, one or more classes or series of preferred stock having such designation, powers, preferences and relative, participating, optional and other special rights, including preferences over our common stock respecting dividends and distributions, as our Board of Directors generally may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of our common stock. For example, we could grant the holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we could assign to holders of preferred stock could affect the residual value of our common stock.

Certain provisions in our amended and restated articles of incorporation and bylaws, and of Missouri law, may deter or delay an acquisition of Energizer.

Our amended and restated articles of incorporation and amended and restated bylaws contain, and the General and Business Corporation Law of Missouri, which we refer to as “Missouri law,” contains, provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the bidder and to encourage prospective acquirers to negotiate with our Board of Directors rather than to attempt a hostile takeover by making the replacement of incumbent directors more time-consuming and difficult. These provisions include, among others:

- the inability of our shareholders to call a special meeting;
- rules regarding how we may present proposals or nominate directors for election at shareholder meetings;
- the right of our Board of Directors to issue preferred stock without shareholder approval;
- a provision that our shareholders may only remove directors “for cause” and with the approval of the holders of two-thirds of our outstanding voting stock at a special meeting of shareholders called expressly for that purpose;
- the ability of our directors, and not shareholders, to fill vacancies on our Board of Directors; and
- the requirement that any amendment or repeal of specified provisions of our amended and restated articles of incorporation (including provisions relating to directors, calling special meetings, shareholder-initiated business and director nominations, action by written consent and amendment of our amended and restated bylaws) must be approved by the holders of at least two-thirds of the outstanding shares of our common stock and any other voting shares that may be outstanding, voting together as a single class.

In addition, because we have not chosen to opt out of coverage of Section 351.459 of Missouri law, which we refer to as the “business combination statute,” these provisions could also deter or delay a change of control. The business combination statute restricts certain business combination transactions between us and an “interested shareholder,” generally any person who, together with his or her affiliates and associates, owns or controls 20% or more of the outstanding shares of our voting stock, for a period of five years after the date of the transaction in which the person becomes an interested shareholder, unless either such transaction or the interested shareholder’s acquisition of stock is approved by our Board on or before the date the interested shareholder obtains such status. The business combination statute also provides that, after the expiration of such five-year period, business combinations are prohibited unless (i) the holders of a majority of the outstanding voting stock, other than the stock owned by the interested shareholder, or any affiliate or associate of such interested shareholder, approve the business combination or (ii) the business combination satisfies certain detailed fairness and procedural requirements.

We believe that these provisions will help to protect our shareholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our Board of Directors and by providing our Board of Directors with more time to assess any acquisition proposal. These provisions are not intended to make us immune from takeovers. However, these provisions will apply even if the offer may be considered beneficial by some shareholders and could deter or delay an acquisition that our Board of Directors determines is not in our best interests or the best interests of our shareholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors.

Risks Relating to the Spectrum Battery Acquisition and Spectrum Auto Care Acquisition (Spectrum Acquisitions)

The proposed Spectrum battery acquisition may not be completed on the anticipated terms and there are uncertainties and risks to consummating the Spectrum battery acquisition.

On January 15, 2018, we entered into an agreement (Acquisition Agreement) with Spectrum to acquire its global battery, lighting and portable power business for $2.0 billion in cash, subject to purchase price adjustments. Our obligation to consummate the Spectrum battery acquisition is subject to satisfaction or waiver, to the extent permitted under applicable law, of a number of conditions and this offering is conditioned on the substantially concurrent closing of the Spectrum battery acquisition.

If the Spectrum battery acquisition is completed, the successful integration of the acquired business and operations into those of our own and our ability to realize the expected synergies and benefits of the transaction are subject to a number of risks and uncertainties, many of which are outside of our control. These risks and uncertainties include, among other things:

- our ability to complete the timely integration of organizations, operations, procedures, policies and technologies, as well as the harmonization of differences in the business cultures of Energizer and the acquired business and retention of key personnel;
- our ability to minimize the diversion of management attention from ongoing business concerns during the process of integrating the acquired business into Energizer; and
- our ability to preserve customer, supplier and other important relationships of both Energizer and the acquired business and resolve potential conflicts that may arise.

We will incur substantial expenses to consummate the proposed Spectrum battery acquisition but may not realize the anticipated cost synergies and other benefits of the Spectrum battery acquisition. Given the size and significance of the Spectrum battery acquisition, we may encounter difficulties in the integration of the operations of the Acquired Business, which could adversely affect our combined business and financial performance. Any failure to realize the full benefits and synergies of the Spectrum battery acquisition could adversely impact our business, results of operation and financial condition.

We may be unable to obtain the regulatory clearances required to complete the Spectrum acquisitions or, in order to do so, we or Spectrum may be required to comply with material restrictions or satisfy material conditions.

The Spectrum acquisitions are subject to antitrust approvals in certain jurisdictions. We cannot provide any assurance that all required antitrust clearances will be obtained and what conditions will be imposed. There can be no assurance as to the cost, scope or impact of the actions that may be required to obtain antitrust approval. If we are required to or otherwise decide to take such actions in order to close the Spectrum acquisitions, it could be detrimental to the combined organization following the consummation of the Spectrum battery acquisition. Furthermore, these actions could have the effect of delaying or preventing completion of the proposed Spectrum acquisitions or imposing additional costs on or limiting the revenues or cash of the combined organization following the consummation of the Spectrum battery acquisition. However, if certain antitrust clearances are not obtained and the Spectrum battery acquisition agreement is terminated under specified circumstances, we could be liable to Spectrum for a termination fee of $100 million.

Even if the parties receive antitrust approvals, the European Commission, the U.S. Department of Justice, the Federal Trade Commission, or other domestic or international regulatory authorities could take action under the antitrust laws to prevent or rescind the Spectrum acquisitions, require the divestiture of assets or seek other remedies. Additionally, state attorneys general could seek to block or challenge the Spectrum acquisitions as they deem necessary or desirable in the public interest at any time, including after completion of the transaction. In addition, in some circumstances, a third party could initiate a private action under antitrust laws challenging or seeking to enjoin the merger, before or after it is completed. We may not prevail and may incur significant costs in defending or settling any action under the antitrust laws. As of the date of this Annual Report on Form 10-K, the Spectrum battery acquisition has received antitrust clearance from the United States and Colombia and received no objections in Australia and New Zealand, and the parties continue to work toward obtaining clearance in the European Union through our proposed remedy.

We may be unable to integrate the Spectrum acquisitions successfully and realize the anticipated benefits of the Spectrum acquisitions.

The pending Spectrum acquisitions involves the combination of businesses that have operated independently. We will be required to devote significant management attention and resources to integrating business practices, cultures and operations of each business. Potential difficulties we may encounter as part of the integration process include the following:

- the inability to successfully combine our respective businesses in a manner that permits us to achieve the cost savings, synergies and other anticipated benefits from the Spectrum acquisitions;
- the challenge of integrating complex systems, operating procedures, compliance programs, technology, networks and other assets of the Spectrum acquisitions' businesses in a manner that minimizes any adverse impact on customers, suppliers, employees and other constituencies;
- difficulties in retaining key management and other key employees;
- the challenge of managing the expanded operations of a significantly larger and more complex company and coordinating geographically separate organizations; and

- potential unknown liabilities, liabilities that are significantly larger than we currently anticipate, and unforeseen increased expenses or delays associated with the Spectrum acquisitions, including cash costs to integrate the two businesses that may exceed the cash costs that we currently anticipate.

Any one of these factors could result in increased costs, decreases in the amount of anticipated benefits and diversion of management's attention, which could materially impact our business, financial condition and results of operations. In addition, even if we are able to integrate the businesses successfully, the anticipated benefits of the pending Spectrum acquisitions may not be realized fully, or at all, or may take longer to realize than expected.

We may not realize the anticipated synergies, cost savings and growth opportunities from the Spectrum acquisitions.

The benefits that we expect to achieve as a result of the Spectrum acquisitions will depend, in part, on our ability to realize anticipated growth opportunities and synergies due to cost reductions, alignment of purchase terms and logistics and pricing optimization. Our success in realizing these growth opportunities and synergies, and the timing of this realization, depends on the successful integration of the business and operations of the acquired businesses. Even if we successfully integrate the acquired businesses with our existing operations, this integration may not result in the realization of the full benefits of the growth opportunities and run-rate synergies that we currently expect from this integration within the estimated three year anticipated time frame or at all. For example, we may be unable to eliminate duplicative costs, or could lose suppliers or customers if we and Spectrum fail to maintain their respective business relationships. Moreover, we expect to incur substantial one-time expenses in connection with the integration of the acquired businesses. Accordingly, the benefits from the Spectrum acquisitions may be offset by costs or delays incurred in integrating the businesses.

The acquired businesses may have liabilities that are not known to us.

The acquired businesses may have liabilities that we failed, or were unable, to discover in the course of performing Energizer's due diligence investigations of the businesses. We cannot assure you that the indemnification available to us under the acquisition agreements in respect of the Spectrum acquisitions in connection with such agreements will be sufficient in amount, scope or duration to fully offset the possible liabilities associated with the business of the acquired businesses or property that we will assume upon consummation of the Spectrum acquisitions. We may learn additional information about the acquired businesses that materially adversely affects us, such as unknown or contingent liabilities and liabilities related to compliance with applicable laws. Any such liabilities, individually or in the aggregate, could have a material adverse effect on Energizer's business, financial condition and results of operations.

Purchase price accounting adjustments could adversely affect our financial results.

We will account for the completion of the Spectrum acquisitions using the purchase method of accounting. We will allocate the total estimated purchase prices to net tangible assets, amortizable intangible assets and indefinite lived intangible assets, and based on their fair values as of the date of completion of the Spectrum acquisitions record the excess, if any, of the purchase price over those fair values as goodwill. Energizer's financial results could be adversely affected by a number of adjustments required in purchase accounting.

Our debt following the completion of the Spectrum battery acquisition will be significant and could adversely affect our business and our ability to meet our obligations, and if sufficient financing on favorable terms or other sources of capital are not available, we may be subject to significant monetary or other damages under the acquisition agreement.

In connection with the closing of the Spectrum battery acquisition, we have issued two senior notes offerings due in 2026 of $500.0 million (USD Notes) and €650.0 million (Euro Notes). In connection with the closing, we expect to enter into a new senior secured first lien credit agreement, which would include a new 5-year $400.0 million undrawn revolving credit facility and also provide for $1,200.0 million of borrowings under a $200.0 million 3-year term loan A facility and $1,000.0 million 7-year term loan B facility (New Credit Agreement). Interest costs related to these issuances, our existing debt, or other debt we may incur in connection with the Spectrum battery acquisition, including the New Credit Agreement, will be significant. Our new debt will contain negative or financial covenants that would limit our operational flexibility.

This significant amount of debt and other cash needs could have important consequences to us, including:

- requiring a substantial portion of our cash flow from operations to make payments on this debt, thereby limiting the cash we have available to fund future growth opportunities, such as research and development, capital expenditures and acquisitions;
- restrictive covenants in our debt arrangements which could limit our operations and borrowing;

- the risk of a future credit ratings downgrade of our debt increasing future debt costs and limiting the future availability of debt financing;
- increasing our vulnerability to general adverse economic and industry conditions and limiting our flexibility in planning for, or reacting to, changes in our business and industry, due to the need to use our cash to service our outstanding debt;
- placing us at a competitive disadvantage relative to our competitors that are not as highly leveraged with debt and that may therefore be more able to invest in their business or use their available cash to pursue other opportunities, including acquisitions; and
- limiting our ability to borrow additional funds as needed or take advantage of business opportunities as they arise.

In addition, our actual cash requirements in the future may be greater than expected. Our cash flow from operations may not be sufficient to repay all of our outstanding debt as it becomes due, and we may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to refinance our debt.

We may need additional financing in the future, and such financing may not be available on favorable terms, or at all.

In addition to the notes and any other debt obligations we incur in connection with the Spectrum acquisitions, we may need to seek additional financing for our general corporate purposes. For example, we may need to increase our investment in research and development activities or require funding to make acquisitions. We may be unable to obtain desired additional financing on terms favorable to us, or at all. For example, during periods of volatile credit markets, there is a risk that lenders, even those with strong balance sheets and sound lending practices, could fail or refuse to honor their credit commitments and obligations, including, but not limited to, extending credit up to the maximum permitted by a credit facility and otherwise accessing capital and/or honoring loan commitments. If our lenders are unable to fund borrowings under their loan commitments or we are unable to borrow, it could be difficult to replace such loan commitments on similar terms or at all. If adequate funds are not available on acceptable terms, we may be unable to fund growth opportunities, successfully develop or enhance products, or respond to competitive pressures, any of which could negatively affect our business. If we raise additional funds by issuing debt, we may be subject to limitations on our operations and ability to pay dividends due to restrictive covenants. Generally, to the extent that we incur additional debt, all of the risks described above in connection with our debt obligations following the Spectrum acquisitions and the related financing could increase.

Despite our high debt level, we may still be able to incur significant additional amounts of debt, which could further exacerbate the risks associated with our substantial debt.

We and our subsidiaries may be able to incur substantial additional debt in the future. Although the indentures governing the USD notes and the Euro notes, our existing notes and the existing senior secured credit facility contain or will contain restrictions on the incurrence of additional debt, these restrictions are subject to a number of significant qualifications and exceptions, and, under certain circumstances, the amount of debt that could be incurred in compliance with these restrictions could be substantial. If new debt is added to our and our subsidiaries' existing debt levels, the related risks that we now face would increase. In addition, none of the indentures governing the USD notes, the Euro notes or the existing notes, or the existing senior secured credit facility will prevent us from incurring obligations that do not constitute debt under those agreements. After giving effect to the Spectrum battery acquisition, we expect to have up to $400.0 million of borrowing availability under our Revolving Facility, less letters of credit of approximately $6.7 million.

We may not be able to generate sufficient cash to service all of our debt, including the notes, and fund our working capital and capital expenditures, and we may be forced to take other actions to satisfy our obligations under our debt, which may not be successful.

The ability of the USD Issuer and the EUR Issuer to make scheduled payments on their debt, including the notes, will depend upon our future operating performance and on our ability to generate cash flow in the future, which is subject to general economic, financial, business, competitive, legislative, regulatory and other factors that are beyond our control. We cannot assure that our business will generate sufficient cash flow from operations, or that future borrowings, including borrowings under our Revolving Facility, will be available to us in an amount sufficient to enable the USD Issuer and EUR Issuer to pay their debt, including the notes, or to fund other liquidity needs.

If our cash flows and capital resources are insufficient to fund the debt service obligations of the USD Issuer and EUR Issuer, we could face substantial liquidity problems and could be forced to reduce or delay investment and capital expenditures or to dispose of material assets or operations, seek additional equity capital or restructure or refinance our debt, including the notes. We may not be able to affect any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, such alternative actions may not allow us to meet our scheduled debt service obligations. We anticipate that the New Credit Agreement and the indenture governing the USD notes and the EUR notes will restrict our ability to dispose of assets and use the proceeds from any such disposition.

If the USD Issuer and EUR Issuer cannot make scheduled payments on their debt, the USD Issuer and EUR Issuer will be in default and, as a result, the holders of the USD notes and the EUR notes could declare all outstanding principal and interest to be due and payable, the lenders under the Senior Credit Facilities could declare all outstanding amounts under such facilities due and payable and, with respect to the Revolving Facility, terminate their commitments to loan money, and, in each case, foreclose against the assets securing the borrowings under the Senior Credit Facilities, and we could be forced into bankruptcy or liquidation, which could result in you losing all or a portion of your investment in the USD notes or the EUR notes. If debt of the USD Issuer or the EUR Issuer is accelerated, we may need to refinance all or a portion of our debt, including the USD notes or the EUR notes, before maturity. We cannot assure that we will be able to refinance any of our debt, including borrowings under the Senior Credit Facilities, on commercially reasonable terms or at all. There can be no assurance that we will be able to obtain sufficient funds to enable us to repay or refinance our debt obligations on commercially reasonable terms, or at all.

The issuance of our common stock to Spectrum under the Spectrum Auto Care Agreement will be dilutive to our shareholders.

Following the closing of the Spectrum auto care acquisition, Spectrum will own approximately 9% of the outstanding common stock of the Company. In addition, under the shareholders agreement, to be entered into upon the closing of the Spectrum auto care acquisition, the Company has agreed to file promptly 12 months after the acquisition a registration statement for Spectrum's common stock, which may be sold as soon as such registration statement is effective. The shareholders agreement will also contain certain demand and piggyback registration rights, which commence after the transfer restriction period expires.

As a result of these or other factors, the market price of our common stock could decline. In addition, this concentration of share ownership may adversely affect the trading price of our common stock because investors may perceive disadvantages in owning shares in a company with significant shareholders.

1B. Unresolved Staff Comments

None.

Item 2. Properties

Our principal executive office is in St. Louis, Missouri. Below is a list of Energizer's principal plants and facilities as of the date of filing. Management believes that the Company's production facilities are adequate to support the business and the properties and equipment have been well maintained.

Americas
Asheboro, NC (an owned manufacturing plant and an owned packaging facility)
Bennington, VT (an owned manufacturing plant)
Garrettsville, OH (an owned manufacturing plant)
Marietta, OH (an owned manufacturing plant)
Westlake, OH (an owned research facility)
Glenshaw, PA (a leased manufacturing facility)

International
Cimanggis, Indonesia (an owned manufacturing facility on leased land)
Jurong, Singapore (an owned manufacturing facility on leased land)
Shenzhen, People’s Republic of China (a leased manufacturing facility)
Alexandria, Egypt (an owned manufacturing facility)

In addition to the properties identified above, Energizer and its subsidiaries own or operate sales offices, regional offices, storage facilities, distribution centers and terminals and related properties.

Through our global supply chain and global manufacturing footprint, we strive to meet diverse consumer demands within each of the markets we serve. Our portfolio of household and specialty batteries, and portable lighting, automotive fragrance and appearance products is distributed through a global sales force and global distributor model.

Item 3. Legal Proceedings

We are parties to a number of legal proceedings in various jurisdictions arising out of our business operations. Many of these legal matters are in preliminary stages and involve complex issues of law and fact, and may proceed for protracted periods of time. The amount of liability, if any, from these proceedings cannot be determined with certainty. However, based upon present information, we believe that our liability, if any, arising from such pending legal proceedings, asserted legal claims and known potential legal claims which are likely to be asserted, are not reasonably likely to be material to our financial position, results of operations, or cash flows, taking into account established accruals for estimated liabilities.
See also the discussion captioned “Governmental Regulation and Environmental Matters” under Item 1 above.

Item 4. Mine Safety Disclosure

None.

Item 4A. Executive Officers Of The Registrant.
A list of the executive officers of Energizer and their business experience follows. Ages shown are as of September 30, 2018. Executive officers are appointed by, and hold office at the discretion of, our Board of Directors.
Alan R. Hoskins - President and Chief Executive Officer. Mr. Hoskins was President and Chief Executive Officer of Energizer Household Products Division, a position he held with our former parent company from April 2012 to June 2015. Prior to that position, Mr. Hoskins held several leadership positions at our former parent company, including Vice President, Asia-Pacific, Africa and Middle East from 2008 to 2011, Vice President, North America Household Products Division from 2005 to 2008, Vice President, Sales and Trade Marketing from 1999 to 2005, and Director, Brand Marketing from 1996 to 1999. He started his career at Union Carbide in 1983 following several years in the retailer, wholesaler and broker industry. Mr. Hoskins holds a B.S. in Business Administration from Western New England University and a Masters of Business Administration from Webster University. He also completed the Senior Executive Program at Columbia University. Age: 57.

Timothy W. Gorman - Executive Vice President, Chief Financial Officer and Chief Accounting Officer. Mr. Gorman joined the Company in September 2014, and has served as the Chief Financial Officer since June 8, 2017. Prior to that Mr. Gorman served in finance and accounting leadership roles for the Company, including as Vice President of Finance, Controller and Chief Accounting Officer from July 2015 until June 2017 and Vice President, Controller – Household Products of our former parent company from September 2014 to July 2015. Prior to joining the Company, Mr. Gorman worked as an independent financial consultant and in a variety of senior roles during a twenty-five year career at PepsiAmericas, Inc. (previously known as Whitman Corporation), most recently as Senior Vice President and Controller. Mr. Gorman holds a B.S. in Accounting from Indiana University. Age: 58.

Gregory T. Kinder - Executive Vice President and Chief Supply Chain Officer. Mr. Kinder has strong experience in maximizing efficiencies across end-to-end Supply Chain and the ability to leverage the scale of our company globally. He joined our former parent company in May 2013, bringing with him over 30 years of Procurement, Supply Chain, and Operations experience. He has previously worked with leading manufacturing companies and suppliers across diverse industries and geographies, including experience working and living abroad for five years in Europe and six years in Asia (Singapore and Shanghai, China). Prior to joining the Company, Mr. Kinder served as Vice President and Chief Procurement Officer at Doosan Infracore International, Inc. from 2009 to 2013. He has also served as Vice President, Global Sourcing for Modine Manufacturing Company. Mr. Kinder also held a variety of purchasing and supply chain/operations related positions over 21 years with Johnson Controls, Inc., including Vice President of Purchasing, APAC. Mr. Kinder holds a B.A. in Procurement and Materials Management and Production Operations from Bowling Green State University. Age: 57.

Mark S. LaVigne - Executive Vice President and Chief Operating Officer since 2015. Mr. LaVigne was with our former parent company since 2010. Mr. LaVigne led our Spin-off from our former parent company in 2015, in addition to serving as Vice President, General Counsel and Secretary. Prior to joining the Company, Mr. LaVigne was a partner at Bryan Cave LLP from 2007 to 2010, where he advised our former parent company on several strategic acquisitions. Mr. LaVigne holds a J.D. from St. Louis University School of Law and a B.A. from the University of Notre Dame. Age: 47.

Emily K. Boss - Vice President, General Counsel. Ms. Boss brings over 25 years of experience and expertise to her role as Vice President, General Counsel. She joined our former parent company in September 2013 as Vice President and Associate General Counsel, Commercial and IP. Prior to joining the Company, Ms. Boss spent 14 years at Georgia-Pacific where she was Assistant General Counsel - Consumer Products & Intellectual Property from 2007 to 2013. Before that, she spent nine years at Diageo PLC, a beverage segment consumer packaged goods company where she last served as Vice President and Assistant General Counsel. Ms. Boss holds a J.D. from George Mason University School of Law and a B.S. in Political Science from James Madison University. Age: 56.

Sue K. Drath - Chief Human Resource Officer. In this role, Ms. Drath is responsible for Energizer's global human resources function including culture, communications, talent acquisition, rewards and development for our global colleagues. Ms. Drath was Vice President, Global Rewards of our former parent company. In this role, Sue was responsible for the design, development, and implementation of all corporate-driven compensation and benefits programs across Energizer’s businesses and areas. Ms. Drath was with our former parent company since 1992, previously serving as Vice President, Global Compensation and Benefits. Ms. Drath graduated from the University of North Dakota with a B.A. degree in Business Administration. Age: 48.

Part II.

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities.

The Company's Common Stock is listed on the New York Stock Exchange (NYSE). As of September 30, 2018, there were approximately 8,147 shareholders of record of the Company's Common Stock.

The following table sets forth the range of market prices for the period from October 1, 2016 through September 30, 2018.

(Dollars Per Share)	FY 2018		FY 2017	
	Low Price	High Price	Low Price	High Price
First Quarter	$40.64	- $49.65	$41.97	- $50.13
Second Quarter	$47.61	- $64.00	$45.94	- $56.54
Third Quarter	$52.38	- $63.87	$47.80	- $60.07
Fourth Quarter	$58.31	- $65.57	$40.98	- $48.84

The Company issued a $0.29 per share dividend in each quarter of 2018 for a total dividend of $1.16 per share and a $0.275 dividend in each fiscal quarter of 2017 for a total dividend of $1.10. The Company expects to continue to pay regular quarterly dividends. Future dividends are dependent on future earnings, capital requirements and the Company's financial condition and are declared at the sole discretion of the Company's Board of Directors. See Item 1A - Risk Factors - Risks Related to Our Common Stock - We cannot guarantee the timing, amount or payment of dividends or share repurchases on our common stock.

Issuer Purchases of Equity Securities. The following table reports purchases of equity securities during the fourth quarter of fiscal 2018 by Energizer and any affiliated purchasers pursuant to SEC rules, including any treasury shares withheld to satisfy employee withholding obligations upon vesting of restricted stock and the execution of net exercises.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number That May Yet Be Purchased Under the Plans or Programs
July 1, 2018 - July 31, 2018	31,487	$ 63.87	—	4,151,623
August 1, 2018 - August 31, 2018	250,075	$ 63.95	250,000	3,901,623
September 1, 2018 - September 30, 2018	175,732	$ 60.55	62,832	3,838,791
Total	457,294	$ 62.64	312,832	

(1) 144,462 shares purchased during the quarter relate to the surrender to the Company of shares of common stock to satisfy tax withholding obligations in connection with the vesting of restricted stock or execution of net exercises. From October 1, 2018 through November 10, 2018, an additional 554 shares were surrendered to the Company to satisfy tax withholding obligations in connection with the vesting of restricted stock.

(2) On July 1, 2015, the Board of Directors approved a new share repurchase authorization for the repurchase of up to 7.5 million shares. 312,832 shares were repurchased on the open market during the quarter under this share repurchase authorization.

The graph below matches Energizer's cumulative 39-Month total shareholder return on common stock with the cumulative total returns of the S&P Midcap 400 index and the S&P Household Products index. The graph tracks the performance of a $100 investment in our common stock and in each index (with the reinvestment of all dividends) from 6/12/2015 to 9/30/2018.

These indices are included only for comparative purposes as required by Securities and Exchange Commission rules and do not necessarily reflect management's opinion that such indices are an appropriate measure of the relative performance of the Common Stock. They are not intended to forecast possible future performance of the Common Stock.

	6/12/15	9/30/15	9/30/16	9/30/17	9/30/18
Energizer Holdings, Inc.	100.0	111.3	147.2	138.8	179.5
S&P Midcap 400	100.0	90.3	104.1	122.4	139.8
S&P Household Products	100.0	94.9	118.7	122.1	118.7

Item 6. Selected Financial Data.

All amounts discussed are in millions of U.S. dollars, unless otherwise indicated.

We derived the selected statements of earnings data for the years ended September 30, 2018, 2017, 2016, 2015 and 2014 and selected balance sheet data as of September 30, 2018, 2017, 2016, 2015, and 2014 as set forth below, from our audited Consolidated Financial Statements. The historical results do not necessarily indicate the results expected for any future period. To ensure a full understanding, you should read the selected historical financial data presented below in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the Consolidated Financial Statements and accompanying notes included elsewhere in this Annual Report.

	For the Years Ended September 30,				
	2018	2017	2016	2015	2014
Statements of Earnings Data					
Net sales	$1,797.7	$1,755.7	$1,634.2	$1,631.6	$1,840.4
Depreciation and amortization	45.1	50.2	34.3	41.8	42.2
Earnings/(loss) before income taxes	175.2	273.3	165.7	(0.7)	215.2
Income taxes	81.7	71.8	38.0	3.3	57.9
Net earnings/(loss)	$93.5	$201.5	$127.7	$(4.0)	$157.3
Earnings/(loss) per share: (a)					
Basic	$1.56	$3.27	$2.06	$(0.06)	$2.53
Diluted	$1.52	$3.22	$2.04	$(0.06)	$2.53
Average shares outstanding: (a)					
Basic	59.8	61.7	61.9	62.2	62.2
Diluted	61.4	62.6	62.5	62.2	62.2
Dividend per common share (b)	$1.16	$1.10	$1.00	$0.25	$—

	At September 30,				
	2018	2017	2016	2015	2014
Balance Sheet Data					
Working capital (c)	$419.9	$438.2	$356.4	$610.5	$323.5
Property, plant and equipment, net	166.7	176.5	201.7	205.6	212.5
Total assets (d)	3,178.8	1,823.6	1,731.5	1,618.6	1,194.6
Long-term debt	976.1	978.5	981.7	984.3	—
Long-term debt held in escrow (e)	1,230.7	—	—	—	—

(a) On July 1, 2015, Edgewell distributed 62.2 million shares of Energizer common stock to Edgewell shareholders in connection with its Spin-off of Energizer. Basic and diluted earnings per common share, and the average number of common shares outstanding were retrospectively restated for the number of Energizer shares outstanding immediately following this transaction.

(b) The Company issued a $0.29 per share dividend in each quarter of 2018 for a total dividend of $1.16 per share, a $0.275 per share dividend in each quarter of 2017 for a total dividend of $1.10 per share, a $0.25 per share dividend in each quarter of 2016 for a total dividend of $1.00 per share, and a $0.25 per share dividend in the fourth quarter of 2015.

(c) Working capital is current assets less current liabilities.

(d) At September 30, 2018, total assets included $1.2 billion of restricted cash associated with the debt from the Spectrum battery acquisition which was funded into escrow on July 6, 2018.

(e) This represents the debt related to the Spectrum battery acquisition which was funded into escrow on July 6, 2018.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion is a summary of the key factors management considers necessary in reviewing the Company's results of operations, operating segment results, and liquidity and capital resources. Statements in this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") that are not historical may be considered forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

You should read the following MD&A in conjunction with the audited Consolidated Financial Statements and corresponding notes included elsewhere in this Annual Report. This MD&A contains forward-looking statements. The matters discussed in these forward-looking statements are subject to risk, uncertainties, and other factors that could cause actual results to differ materially from those projected or implied in the forward-looking statements. Please see above "Risk Factors" and "Forward-Looking Statements" for a discussion of the uncertainties, risks and assumptions associated with these statements.

All amounts discussed are in millions of U.S. dollars, unless otherwise indicated.

Forward-Looking Statements

This document contains both historical and forward-looking statements. Forward-looking statements are not based on historical facts but instead reflect our expectations, estimates or projections concerning future results or events, including, without limitation, the future sales, gross margins, costs, earnings, cash flows, tax rates and performance of Energizer. These statements generally can be identified by the use of forward-looking words or phrases such as "believe," "expect," "expectation," "anticipate," "may," "could," "intend," "belief," "estimate," "plan," "target," "predict," "likely," "will", "should," "forecast," "outlook," or other similar words or phrases. These statements are not guarantees of performance and are inherently subject to known and unknown risks, uncertainties and assumptions that are difficult to predict and could cause our actual results to differ materially from those indicated by those statements. We cannot assure that any of our expectations, estimates or projections will be achieved. The forward-looking statements included in this document are only made as of the date of this document and we disclaim any obligation to publicly update any forward-looking statement to reflect subsequent events or circumstances. Numerous factors could cause our actual results and events to differ materially from those expressed or implied by forward-looking statements, including, without limitation:

- market and economic conditions;
- market trends in the categories in which we compete;
- the success of new products and the ability to continually develop and market new products;
- our ability to attract, retain and improve distribution with key customers;
- our ability to continue planned advertising and other promotional spending;
- our ability to timely execute strategic initiatives, including restructurings, and international go-to-market changes in a manner that will positively impact our financial condition and results of operations and does not disrupt our business operations;
- the impact of strategic initiatives, including restructurings, on our relationships with employees, customers and vendors;
- our ability to maintain and improve market share in the categories in which we operate despite heightened competitive pressure;
- our ability to improve operations and realize cost savings;
- the impact of foreign currency exchange rates and currency controls, as well as offsetting hedges;
- the impact of raw materials and other commodity costs;
-

the impact of legislative changes or regulatory determinations or changes by federal, state and local, and foreign authorities, as well as the impact of potential changes to tax laws, policies and regulations;

- costs and reputational damage associated with cyber-attacks or information security breaches or other events;
- our ability to acquire and integrate businesses, and to realize the projected results of acquisitions, including our ability to achieve the anticipated cost savings, synergies, and other anticipated benefits;
- the impact of advertising and product liability claims and other litigation; and
- compliance with debt covenants and maintenance of credit ratings as well as the impact of interest and principal repayment of our existing and any future debt.

In addition, other risks and uncertainties not presently known to us or that we consider immaterial could affect the accuracy of any such forward-looking statements. The list of factors above is illustrative, but by no means exhaustive. All forward-looking statements should be evaluated with the understanding of their inherent uncertainty. Additional risks and uncertainties include those described in the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Report, as updated from time to time in the Company’s public filings.

Non-GAAP Financial Measures

The Company reports its financial results in accordance with accounting principles generally accepted in the U.S. ("GAAP"). However, management believes that certain non-GAAP financial measures provide users with additional meaningful comparisons to the corresponding historical or future period. These non-GAAP financial measures exclude items that are not reflective of the Company's on-going operating performance, such as acquisition and integration costs and related items, settlement loss on pension plan termination, gains on sale of real estate, restructuring costs, spin-off related items, the one-time impact of the new U.S. tax legislation and income tax adjustments. In addition, these measures help investors to analyze year over year comparability when excluding currency fluctuations, acquisition activity as well as other company initiatives that are not on-going. We believe these non-GAAP financial measures are an enhancement to assist investors in understanding our business and in performing analysis consistent with financial models developed by research analysts. Investors should consider non-GAAP measures in addition to, not as a substitute for, or superior to, the comparable GAAP measures. In addition, these non-GAAP measures may not be the same as similar measures used by other companies due to possible differences in method and in the items being adjusted.

We provide the following non-GAAP measures and calculations, as well as the corresponding reconciliation to the closest GAAP measure:

Segment Profit. This amount represents the operations of our two reportable segments including allocations for shared support functions. General corporate and other expenses, global marketing expenses, R&D expenses, amortization expense, interest expense, other items, net, and charges related to acquisition and integration, settlement loss on pension plan termination, gains on sale of real estate and the spin-off have all been excluded from segment profit.

Adjusted Earnings Before Taxes, Adjusted Net Earnings and Adjusted Diluted EPS. These measures exclude the impact of the costs related to acquisition and integration, settlement loss on pension plan termination, gains on sale of real estate and the spin-off, the one-time impact of the new U.S. tax legislation and income tax adjustments.

Organic. This is the non-GAAP financial measurement of the change in revenue, segment profit or other margins that excludes or otherwise adjusts for the impact of acquisitions, change in Argentina operations and the impact of currency from the changes in foreign currency exchange rates as defined below:

Impact of acquisition. On July 2, 2018, Energizer completed the acquisition of Nu Finish and on July 1, 2016, Energizer completed its 2016 auto care acquisition. This adjustment includes the impact each acquisition's on-going operations contributed to each respective income statement caption for the first year's operations directly after the acquisition date. This does not include the impact of acquisition and integration costs or the one time inventory fair value step up costs associated with the acquisitions.
Change in Argentina Operations. The Company is presenting separately all changes in sales and segment profit from our Argentina affiliate due to the designation of the economy as highly inflationary as of July 1, 2018. For presentation purposes, the Company has recast Argentina's prior period operations as well.

Impact of currency. The Company evaluates the operating performance of our Company on a currency neutral basis. The impact of currency is the difference between the value of current year foreign operations at the current period ending USD exchange rate, compared to the value of the current year foreign operations at the prior period ending USD exchange rate.

Adjusted Gross Margin and adjusted Selling, General & Administrative (SG&A) as a percent of sales. Details for adjusted gross margin and adjusted SG&A as a percent of sales are also supplemental non-GAAP measure disclosures. These measures exclude the impact of costs related to acquisition and integration, inventory step up, restructuring activities, and costs related to the spin.

Acquisitions

On July 2, 2018, the Company acquired all of Reed-Union Corporation's automotive appearance business, including Nu Finish Car Polish and Scratch Doctor brands (Nu Finish acquisition). The acquisition purchase price of $38.1 was funded through a combination of cash on hand and committed debt facilities.

On January 15, 2018, the Company entered into a definitive acquisition agreement with Spectrum Brands Holdings, Inc. to acquire its global battery, lighting, and portable power business (Spectrum battery acquisition) for a purchase price of $2,000.0 in cash, subject to certain purchase price adjustments. The transaction was subject to various conditions, including regulatory approval. The Company has received required regulatory approval, with the exception of the European Commission (EC). On November 15, 2018, we entered into an amended definitive acquisition agreement with Spectrum and proposed a remedy for consideration to the EC. The remedy set forth by Energizer includes the divestiture of the Europe-based Varta consumer battery business, including manufacturing and distribution facilities in Germany. Based on the original purchase price, net of anticipated divestiture proceeds, the Company now expects our net purchase price to be in the range of $1,400.0 to $1,500.0. Contingent upon the EC's approval of the proposed remedy, Energizer expects to close the Spectrum battery acquisition at the beginning of calendar year 2019.

Energizer will fund this acquisition through the net proceeds from the issuance of new senior notes maturing in 2026, term loans and cash on hand. In addition, Energizer intends to maintain its existing senior notes, maturing in 2025. The new senior notes associated with this acquisition were issued and placed into escrow on July 6, 2018.

The Company is also committed to pay a $100.0 termination fee to Spectrum if the transaction does not close by July 15, 2019, and all conditions precedent to the Company's obligation to consummate the acquisition have otherwise been satisfied except for one or more of the regulatory approval conditions specified in the acquisition agreement. Success fees of $11.0 are due to the financial adviser, subject to the closing of the transaction. In addition, $2.0 was paid in January 2018 to the financial adviser for services rendered on the transaction.

The Company incurred $84.6 of pre-tax acquisition and integration costs in the twelve months ended September 30, 2018. Pre-tax acquisition and integration costs of $62.9 were recorded in SG&A and primarily related to legal, consulting and advisory fees to assist with obtaining regulatory approval around the globe and to plan for the closing and integration of the Spectrum battery acquisition as well as the closing and integration of the Nu Finish acquisition. Also included in the pre-tax acquisition costs were $41.9 of interest expense, ticking fees and debt commitment fees related to the Spectrum battery acquisition that were recorded in Interest expense.

The Company recorded a pre-tax gain in Other items, net of $15.2 on foreign currency gains related to the Spectrum battery acquisition during the twelve months ended September 30, 2018. Of the gain, $9.4 was related to contracts which were entered into in June 2018 and locked in the U.S. dollar (USD) value of the Euro notes related to the Spectrum battery acquisition. These contracts were terminated when the funds were placed into escrow on July 6, 2018. The remaining $5.8 related to the movement in the escrowed USD restricted cash held in our European Euro functional entity. The Company also recorded interest income in Other items, net of $5.2 earned on the Restricted cash funds held in escrow associated with this acquisition during the twelve months ended September 30, 2018.

The Company incurred $6.0 of tax withholding costs in the twelve months ending September 30, 2018, related to the cash movement to fund the Spectrum battery acquisition, which were recorded in Income tax provision.

On November 15, 2018, Energizer entered into a definitive acquisition agreement to acquire Spectrum's global auto care business, including Armor All, STP, and A/C PRO brands, for a purchase price of $1,250.0, subject to certain purchase price adjustments (Spectrum auto care acquisition). The purchase price is comprised of an estimated $938 in cash and $312 of newly-issued equity to Spectrum. Energizer has obtained financing commitments to provide up to $1,100.0 in credit facilities. Energizer may replace a portion of the committed financing with the sale of notes and up to $500.0 of additional equity or equity linked capital, subject to capital and other market conditions. The Spectrum auto care acquisition is subject to customary closing conditions, including regulatory approvals and is expected to close in the second fiscal quarter of 2019.

On July 1, 2016, the Company completed an acquisition of a leading designer and marketer of automotive fragrance and appearance products (2016 auto care acquisition). We have completed the integration of this business. During the year ended September 30, 2017, the Company incurred $8.4 of acquisition and integration costs. Total acquisition and integration related costs associated with the 2016 auto care acquisition were $27.7.

Overview
General

Energizer, through its operating subsidiaries, is one of the world’s largest manufacturers, marketers and distributors of household batteries, specialty batteries and lighting products, and a leading designer and marketer of automotive fragrance and appearance products. Energizer manufactures, markets and/or licenses one of the most extensive product portfolios of household batteries, specialty batteries and portable lights. Energizer is the beneficiary of over 100 years of expertise in the battery and portable lighting products industries. Its brand names, Energizer and Eveready, have worldwide recognition for innovation, quality and dependability, and are marketed and sold around the world.

Energizer has a long history of innovation within our categories. Since our commercialization of the first dry-cell battery in 1893 and the first flashlight in 1899, we have been committed to developing and marketing new products to meet evolving consumer needs and consistently advancing battery technology as the universe of devices powered by batteries has evolved. Over the past 100+ years we have developed or brought to market:

•the first flashlight;
•the first dry cell alkaline battery;
•the first mercury-free alkaline battery; and
•Energizer Ultimate Lithium®, the world’s longest-lasting AA and AAA battery for high-tech devices.

Today, Energizer offers batteries using many technologies including lithium, alkaline, carbon zinc, nickel metal hydride, zinc air, and silver oxide. These products are sold under the Energizer and Eveready brands in the performance, premium and price segments and include primary, rechargeable, specialty and hearing aid products. In addition, Energizer has an extensive line of lighting products designed to meet a breadth of consumer needs. We distribute, market, and/or license lighting products including headlights, lanterns, children’s lights and area lights. In addition to the Energizer and Eveready brands, we market our flashlights under the Hard Case, Dolphin, and WeatherReady sub-brands.

Through our global supply chain, global manufacturing footprint and seasoned commercial organization, we seek to meet diverse customer demands within each of the markets we serve. Energizer distributes its portfolio of batteries, lighting and auto care products through a global sales force and global distributor model. We sell our products in multiple retail and business-to-business channels, including: mass merchandisers, club, electronics, food, home improvement, dollar store, auto, drug, hardware, e-commerce, convenience, sporting goods, hobby/craft, office, industrial, medical and catalog.

In recent years, we have also focused on reducing our costs and improving our cash flow from operations. Our restructuring efforts and working capital initiative have resulted in substantial cost reductions and improved cash flows. These initiatives, coupled with our strong product margins over recent years, have significantly contributed to our results of operations and working capital position.

We use the Energizer name and logo as our trademark as well as those of our subsidiaries. Product names appearing throughout are trademarks of Energizer. This Management’s Discussion and Analysis of Financial Condition and Results of Operations also may refer to brand names, trademarks, service marks and trade names of other companies and organizations, and these brand names, trademarks, service marks and trade names are the property of their respective owners.

In addition, Energizer's portfolio of innovative products also includes automotive fragrance and appearance products marketed under the Nu Finish®, Refresh Your Car!®, California Scents®, Driven®, Bahama & Co.®, LEXOL®, and

Eagle One® brands.

Operations for Energizer are managed via two major geographic reportable segments: Americas and International. Prior to January 1, 2018, the International segment was reported as two separate geographic reportable segments: Europe, Middle East and Africa (EMEA) and Asia Pacific. The Company changed its reporting structure to reflect how the Company is managing the operations as well as what the chief operating decision maker is reviewing to make organizational decisions about resource allocation. The prior period segment information has been recast to reflect the current reportable segment structure of the Company.

Financial Results

Net earnings for the fiscal year ended September 30, 2018 was $93.5, or $1.52 per diluted share, compared to net earnings of $201.5, or $3.22 per diluted share, and net earnings of $127.7, or $2.04 per diluted share, for the fiscal years ended September 30, 2017 and 2016, respectively.

Earnings before income taxes, net earnings and diluted earnings per share (EPS) for the time periods presented were impacted by certain items related to acquisition and integration costs, settlement loss on pension plan termination, gain on sale of real estate, restructuring costs, the spin-off transaction, the one-time impact of the new U.S. Tax Legislation, and income tax adjustments as described in the tables below. The impact of these items on reported earnings before income taxes, reported net earnings and reported EPS are provided below as a reconciliation to arrive at respective non-GAAP measures. See disclosure under Non-GAAP Financial Measures above.

	For The Years Ended September 30,								
	Earnings Before Income Taxes			Net Earnings			Diluted EPS		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Reported - GAAP	$175.2	$273.3	$165.7	$93.5	$201.5	$127.7	$1.52	$3.22	$2.04
Impacts: Expense (Income)									
Acquisition and integration (1)	84.6	8.4	19.3	61.6	4.2	14.0	1.00	0.06	0.22
Acquisition withholding tax (2)	—	—	—	6.0	—	—	0.10	—	—
Settlement loss on Canadian pension plan termination (3)	14.1	—	—	10.4	—	—	0.17	—	—
Gain on sale of real estate	(4.6)	(16.9)	—	(3.5)	(16.5)	—	(0.06)	(0.26)	—
Restructuring (4)	—	—	4.9	—	—	3.1	—	—	0.05
Spin costs (5)	—	—	10.4	—	—	7.0	—	—	0.11
Spin restructuring	—	(3.8)	5.8	—	(2.4)	4.2	—	(0.04)	0.07
One-time impact of the new U.S. Tax Legislation	—	—	—	39.1	—	—	0.64	—	—
Income tax adjustments	—	—	—	—	—	(11.4)	—	—	(0.18)
Adjusted - Non-GAAP (6)	$269.3	$261.0	$206.1	$207.1	$186.8	$144.6	$3.37	$2.98	$2.31
Weighted average shares - Diluted							61.4	62.6	62.5

(1) Includes pre-tax costs of $0.2 recorded in Cost of products sold, $62.9 recorded in SG&A, $41.9 recorded in Interest expense and $20.4 in Other items, net for the year ended September 30, 2018. Includes pre-tax costs of $1.1 recorded in Cost of products sold, $4.0 recorded in SG&A, and $3.3 in Other items, net for the year ended September 30, 2017. Includes pre-tax costs of $8.1 recorded in Cost of products sold, $10.0 recorded in SG&A and $1.2 recorded in Interest expense for the year ended September 30, 2016.

(2) This represents the $6.0 of tax withholding expense related to cash movement to fund the Spectrum battery acquisition for the twelve months ended September 30, 2018 recorded in Income tax provision.

(3) Represents the actuarial losses that were previously recorded to Other comprehensive loss, and then recognized to Other items, net upon the termination of our Canadian pension plan.

(4) Includes pre-tax costs of $2.4 recorded within Cost of products sold for the year ended September 30, 2016.

(5) Includes pre-tax costs of $10.0 recorded in SG&A and $0.4 recorded in Cost of products sold for the year ended September 30, 2016.

(6) The effective tax rate for the Adjusted - Non-GAAP Net Earnings and Diluted EPS was 23.1%, 28.4%, and 29.8%, for the years ended September 30, 2018, 2017, and 2016, respectively, as calculated utilizing the statutory rate for where the costs were incurred. The net tax impact associated with the non-GAAP adjustments highlighted in the table was a benefit of $19.5, and expense of $2.4 and $23.5 for the twelve months ended September 30, 2018, 2017, and 2016, respectively.

Operating Results

Net Sales

	For the Years Ended September 30,				
	2018	% Chg	2017	% Chg	2016
Net sales - prior year	$1,755.7		$1,634.2		$1,631.6
Organic	22.5	1.3 %	49.9	3.1 %	49.8
Impact of acquisitions	2.3	0.1 %	83.1	5.1 %	32.3
Change in Argentina operations *	(1.9)	(0.1)%	2.6	0.2 %	(3.5)
International Go-to-Market	—	— %	—	— %	(14.7)
Change in Venezuela operations	—	— %	—	— %	(8.5)
Impact of currency	19.1	1.1 %	(14.1)	(1.0)%	(52.8)
Net sales - current year	$1,797.7	2.4 %	$1,755.7	7.4 %	$1,634.2

*Prior periods have been recast to remove the Change in Argentina operations from the previously reported Organic or Impact of currency amounts for comparative purposes due to its designation as a highly inflationary economy as of July 1, 2018.

Net sales for the year ended September 30, 2018 increased 2.4%. The increase was driven by the impact of the Nu Finish acquisition on July 2, 2018 which added $2.3, or 0.1%, the increase in organic sales of $22.5, or 1.3%, as well as the favorable impact of currency of $19.1, or 1.1%. These increases were partially offset by the unfavorable change in Argentina's operations of $1.9, or 0.1%. Organic net sales increased 1.3% primarily due to:

- Favorable pricing across several markets increased net sales by 1.5%;
- Investments made for our portfolio optimization in the back half of fiscal 2017 benefited our top-line in fiscal 2018 accounting for 0.7% of the organic sales increase;
- Distribution gains across both segments and increased volumes at existing customers, primarily in North America, contributed 0.4% to the organic increase; and
- Partially offsetting the increase was lapping of storm volume from prior year of 0.9% and the May 2017 divestiture of the non-core promotional sales business acquired with the 2016 auto care acquisition negatively impacted net sales by 0.4%.

Net sales for the year ended September 30, 2017 increased 7.4%. The increase was driven by the impact of the 2016 auto care acquisition on July 1, 2016 which added $83.1, or 5.1%, the Change in Argentina operations of $2.6, or 0.2%, as well as the increase in organic sales of $49.9, or 3.1%. These increases were partially offset by the unfavorable impact of currency of $14.1, or 1.0%. Organic net sales increased 3.1% primarily due to:

- The carryover benefit of new distribution and shelf space gains of approximately 2%;
- Improved pricing across several markets of approximately 1%;
- The impact of U.S. hurricane volume of approximately 1%;
- Partially offset by investments made related to our portfolio optimization of approximately 1%.

For further discussion regarding net sales in each of our geographic segments, including a summary of reported versus organic changes, please see the section titled “Segment Results” provided below.

Gross Profit

Gross profit dollars were $830.9 in fiscal 2018 versus $811.3 in fiscal 2017. The increase in gross profit dollars was due primarily to the increase in net sales mentioned earlier.

Gross margin as a percent of net sales for fiscal 2018 was 46.2%, flat compared to the prior year. Excluding acquisition and integration costs of $0.2 and $1.1 in the current and prior year, respectively, gross margin decreased 10 basis points as the net favorable currency impact for the fiscal year was fully offset by higher commodity costs.

Gross profit dollars were $811.3 in fiscal 2017 versus $712.4 in fiscal 2016. The increase in gross profit dollars was due primarily to the increase in net sales mentioned earlier and productivity initiatives implemented in the prior year.

Gross margin as a percent of net sales for fiscal 2017 was 46.2% compared to 43.6% in the prior year. Excluding the impact from the fiscal 2017 acquisition and integration costs of $1.1 and the one-time accounting adjustment of $8.1 related to
the fair market value step up of the 2016 auto care acquisition inventory and spin and restructuring charges of $2.8 in fiscal 2016, gross margin percentage was 46.3% or 200 basis points above prior year. This increase was driven by cost reductions realized from continued productivity improvements, as well as the year over year benefit of lapping productivity investments recorded in the prior year, material and purchased product cost favorability, improved overhead absorption driven by the strong volume performance in the first part of the year and improved pricing. These items were partially offset by increased investments related to our portfolio optimization and the unfavorable impact of foreign currencies on our gross margin rate.

Selling, General and Administrative

SG&A expenses were $421.7 in fiscal 2018, or 23.5% of net sales as compared to $361.3, or 20.6% of net sales for fiscal 2017 and $361.4, or 22.1% of net sales for fiscal 2016. Included in SG&A in fiscal 2018 were acquisition and integration costs of $62.9. Included in SG&A in fiscal 2017 were acquisition and integration costs of $4.0 related to the 2016 auto care acquisition. Included in SG&A in fiscal 2016 were separation charges of $10.0 related to the execution of the spin-off transaction as well as $10.0 of acquisition and integration costs related to the 2016 auto care acquisition. Excluding the impacts of these items, SG&A as a percent of net sales was 20.0% in fiscal 2018 as compared to 20.4% in fiscal 2017 and 20.9% in fiscal 2016. The improved percentage comparison versus the prior years reflects the improved top-line performance due to organic sales growth, as well as cost savings from our continuous improvement initiatives and focus on managing costs.

Advertising and Sales Promotion

A&P was $112.9, down $3.2 as compared to fiscal 2017. A&P as a percent of net sales was 6.3%, 6.6% and 6.3% in fiscal years 2018, 2017 and 2016, respectively. The higher level of A&P spending in fiscal 2017 was due to slightly higher investments in support of our portfolio optimization and the launch of our improved Energizer Max offering. A&P expense may vary from year to year due to new product launches, strategic brand support initiatives, the overall competitive environment, as well as the type of A&P spending.

Research and Development

R&D expense was $22.4 in fiscal 2018, $22.0 in fiscal 2017 and $26.6 in fiscal 2016. As a percent of net sales, R&D expense was consistent as a percentage of sales at 1.2% in fiscal 2018, 1.3% in fiscal 2017 and 1.6% in fiscal 2016.

Gain on Sale of Real Estate

Gain on sale of real estate was $4.6 in fiscal 2018, and included a previously closed manufacturing facility in Asia. Gain on sale of real estate was $16.9 in fiscal 2017 and included $15.2 related to the sale of office building space in Asia and $1.7 associated with the sale of land related to a market we exited as part of our international go-to-market changes initiated after the spin.

Interest expense

Interest expense for fiscal 2018 was $98.4, as compared to fiscal 2017 expense of $53.1 and $54.3 in fiscal 2016. Interest expense for fiscal 2018 included $41.9 of interest, ticking fees and debt commitment fees related to the Spectrum battery acquisition. Excluding the interest expense related to the Spectrum battery acquisition, the current year interest expense was $56.5, an increase of $3.4 over fiscal 2017 and was driven by increased borrowings and increased rates on our variable debt outstanding. Fiscal 2016 interest expense was higher due to the inclusion of $1.2 of expense from the bridge loan associated with the 2016 auto care acquisition.

Other Items, Net

Other items, net was income of $6.6, $5.0 and $9.1 in fiscal 2018, 2017 and 2016, respectively, and is summarized below:

	For the Years Ended September 30,		
	2018	2017	2016
Other items, net			
Interest income	$(1.4)	$(2.0)	$(2.3)
Acquisition interest income (1)	(5.2)	—	—
Foreign currency exchange loss	8.1	4.7	0.1
Pension benefit other than service costs	(6.3)	(11.7)	(8.8)
Settlement loss on Canadian pension plan termination (2)	14.1	—	—
Acquisition foreign currency gains (3)	(15.2)	—	—
Loss on sale of promotional business (4)	—	3.3	—
Other	(0.7)	0.7	1.9
Total Other items, net	$(6.6)	$(5.0)	$(9.1)

(1) Represents the interest income earned on the restricted cash held for the Spectrum battery acquisition.

(2) Represents the actuarial losses that were previously recorded to Other comprehensive income, and then recognized to Other items, net upon the termination of our Canadian pension plan.

(3) Gain includes $9.4 related to contracts which were entered into in June 2018 and locked in the U.S. dollar (USD) value of the Euro notes related to the Spectrum battery acquisition. These contracts were terminated when the funds were placed into escrow on July 6, 2018. The remaining $5.8 related to the movement in the escrowed USD funds held in our European Euro functional entity.

(4) Represents the loss on the sale of a non-core promotional sales business acquired with the 2016 auto care acquisition.

Income Taxes

For fiscal 2018, the effective tax rate was 46.6%. The current year rate includes a $39.1 charge for the one-time impact of the Tax Cuts and Jobs Act (the Tax Act) passed in December 2017, as well as the impact of $6.0 related to tax withholding expense for cash movement to fund the Spectrum battery acquisition. Excluding the impact of all of our non-GAAP adjustments, the effective tax rate for fiscal 2018 was 23.1%. The decrease in the current year is driven primarily by the lower statutory U.S. rate that is now effective for fiscal 2018 brought about by the Tax Act passed at the end of the calendar year 2017. Our U.S. federal statutory rate will be further reduced from 24.5% in fiscal 2018 to 21% for fiscal year 2019.

For fiscal 2017, the effective tax rate was 26.3%. Impacting this rate was the favorable impacts of $1.3 of adjustments related to our prior year provision estimates, the benefit of the non-taxable gain on the sale of real estate in Asia during the second quarter, and the $1.6 tax benefit recognized in our income tax provision as a result of the new stock compensation guidance adopted in the first quarter. Excluding the impact of all of our non-GAAP adjustments, the effective tax rate for fiscal year 2017 was 28.4%.

For fiscal 2016, the effective tax rate was 22.9%, which was favorably impacted by certain return to provision adjustments related to prior year provision estimates and certain spin related adjustments of $11.4. In addition, the rate was favorably impacted by costs related to integration, separation and restructuring charges as a majority of these charges were primarily incurred in the U.S., which resulted in a higher tax benefit as compared to our overall global effective tax rate. Excluding the impact of all of our non-GAAP adjustments, the effective tax rate for fiscal year 2016 was 29.8%.

Energizer's effective tax rate is highly sensitive to the mix of countries from which earnings or losses are derived. Declines in earnings in lower tax rate countries, earnings increases in higher tax rate countries, repatriation of foreign earnings or foreign operating losses in the future could increase future tax rates. In addition, the enactment of legislation implementing changes in the U.S. on the taxation of international business activities or the adoption of other U.S. tax reform could impact our effective tax rate in the future.

Spin Costs

The Company incurred costs associated with the evaluation, planning and execution of the Spin-off. On a project to date basis, the total costs incurred and allocated to Energizer for the Spin-off were $197.6, inclusive of the costs of early debt retirement recorded in fiscal 2015. All spin activity is complete and we do not expect any further costs related to the Spin-off.

No spin costs were incurred in the period ending September 30, 2018. During the twelve months ended September 30, 2017, the Company recorded income of $3.8 in spin restructuring which included $2.5 of income in the second quarter reflecting the true up of previously accrued contract termination costs related to the 2016 right-sizing of the corporate headquarters and the first quarter sale of a facility in North America that was previously closed as part of the spin for a gain of $1.3.

During the twelve months ended September 30, 2016, the Company incurred $16.2 in spin costs including $10.0 recorded in SG&A, $0.4 recorded in cost of products sold and $5.8 recorded in spin restructuring. Included in spin restructuring were contract termination costs related to the exit of a corporate office building as we right-sized our headquarters' footprint. The contract termination costs were $3.7 based on the estimated fair value of the future cash flows associated with this operating lease.

2013 Restructuring

In November 2012, Edgewell's Board of Directors authorized an enterprise-wide restructuring plan and delegated authority to Edgewell's management to determine the final actions with respect to this plan (2013 restructuring project). For the twelve months ended September 30, 2016, Energizer recorded $2.5 in pre-tax restructuring charges related to the 2013 restructuring project. Restructuring charges were reflected on a separate line in the Consolidated Statements of Earnings and Comprehensive Income.

The 2013 restructuring project was completed in fiscal 2016 and the full amount of savings are now included within our run-rate cost structure. Energizer estimates that total project savings exceeded $218. The primary impacts of savings were reflected in improved gross margin and lower overhead expenses. Savings related to the 2013 restructuring project were fully realized as of June 30, 2015.

Argentina Hyperinflation

Effective July 1, 2018, the financial statements for our Argentina subsidiary are consolidated under the rules governing the translation of financial information in a highly inflationary economy. Under U.S. GAAP, an economy is considered highly inflationary if the cumulative inflation rate for a three year period meets or exceeds 100 percent. The Argentina economy exceeded the three year cumulative inflation rate of 100 percent as of June 2018. If a subsidiary is considered to be in a highly inflationary economy, the financial statements of the subsidiary must be remeasured into the Company’s reporting currency (U.S. dollar) and future exchange gains and losses from the remeasurement of monetary assets and liabilities are reflected in current earnings, rather than exclusively in the equity section of the balance sheet, until such time as the economy is no longer considered highly inflationary. It is difficult to determine what continuing impact the use of highly inflationary accounting for Argentina may have on our consolidated financial statements as such impact is dependent upon movements in the applicable exchange rates between the local currency and the U.S. dollar and the amount of monetary assets and liabilities included in our affiliates balance sheet.

Segment Results

Operations for Energizer are managed via two major geographic reportable segments: Americas and International. Prior to January 1, 2018, the International segment was reported as two separate geographic reportable segments: Europe, Middle East and Africa (EMEA) and Asia Pacific. The Company changed its reporting structure to reflect how the Company is managing the operations as well as what the chief operating decision maker is reviewing to make organizational decisions about resource allocation. The prior period segment information has been recast to reflect the current reportable segment structure of the Company.

Segment performance is evaluated based on segment operating profit, exclusive of general corporate expenses, share-based compensation costs, costs associated with spin and restructuring initiatives, acquisition and integration activities, amortization costs, business realignment activities, research & development costs, gains on sale of real estate, settlement loss on pension plan termination, and other items determined to be corporate in nature. Financial items, such as interest income and expense, are managed on a global basis at the corporate level. The exclusion of substantially all acquisition, integration, restructuring and realignment costs from segment results reflects management's view on how it evaluates segment performance.

Energizer's operating model includes a combination of standalone and shared business functions between the geographic segments, varying by country and region of the world. Shared functions include IT and finance shared service costs. Energizer applies a fully allocated cost basis, in which shared business functions are allocated between segments. Such allocations are estimates, and do not represent the costs of such services if performed on a standalone basis.

Segment Net Sales	For the Years Ended September 30,				
	2018	% Chg	2017	% Chg	2016
Americas					
Net sales - prior year	$1,111.8		$1,002.0		$956.4
Organic	20.5	1.8 %	34.1	3.4 %	42.7
International Go-to-Market	—	— %	—	— %	(2.0)
Change in Venezuela results	—	— %	—	— %	(8.5)
Impact of acquisitions	2.2	0.2 %	74.2	7.4 %	29.3
Change in Argentina operations *	(1.9)	(0.2)%	2.6	0.3 %	(3.5)
Impact of currency	3.0	0.3 %	(1.1)	(0.1)%	(12.4)
Net sales - current year	$1,135.6	2.1 %	$1,111.8	11.0 %	$1,002.0
International					
Net sales - prior year	$643.9		$632.2		$675.2
Organic	2.0	0.3 %	15.8	2.5 %	7.1
International Go-to-Market	—	— %	—	— %	(12.7)
Impact of acquisitions	0.1	— %	8.9	1.4 %	3.0
Impact of currency	16.1	2.5 %	(13.0)	(2.0)%	(40.4)
Net sales - current year	$662.1	2.8 %	$643.9	1.9 %	$632.2
Total Net Sales					
Net sales - prior year	$1,755.7		$1,634.2		$1,631.6
Organic	22.5	1.3 %	49.9	3.1 %	49.8
International Go-to-Market	—	— %	—	— %	(14.7)
Change in Venezuela results	—	— %	—	— %	(8.5)
Impact of acquisitions	2.3	0.1 %	83.1	5.1 %	32.3
Change in Argentina operations *	(1.9)	(0.1)%	2.6	0.2 %	(3.5)
Impact of currency	19.1	1.1 %	(14.1)	(1.0)%	(52.8)
Net sales - current year	$1,797.7	2.4 %	$1,755.7	7.4 %	$1,634.2

* Prior periods have been recast to remove the impact of Argentina operations from the previously reported Organic or Impact
of currency amounts for comparative purposes due to its designation as a highly inflationary economy as of July 1, 2018.

Total net sales for the twelve months ended September 30, 2018 increased 2.4%, including organic sales increase of $22.5, or 1.3%, sales related to the Nu Finish acquisition of $2.3, or 0.1%, and the favorable impact of currency of $19.1, or 1.1%. These increases were offset by a $1.9 decrease due to our Argentina operations, which were deemed to be highly inflationary. Segment sales results for the twelve months ended September 30, 2018 are as follows:

- Americas net sales improved 2.1% versus the prior fiscal year, inclusive of a 0.2% decline due to our Argentina operations. The Nu Finish acquisition improved net sales by 0.2% and currency had a favorable impact on sales of 0.3%. Excluding the impact of Argentina, currency movement and the acquisition, organic net sales increased 1.8%

due primarily to distribution gains, increased volumes, favorable pricing and the favorable net impact of our portfolio optimization. These amounts were partially offset by retailer merchandising changes, lower year-over-year storm volume and the May 2017 divestiture of the non-core promotional sales business acquired with the 2016 auto care acquisition.

International net sales improved 2.8% versus the prior fiscal year, inclusive of a 2.5% improvement due to favorable currency movements. Excluding the impacts of currency movements, organic net sales improved 0.3% driven primarily by pricing actions taken in several markets as well as distribution gains partially offset by the timing of holiday activity.

Net sales for the year ended September 30, 2017 increased 7.4%. The increase was driven by the impact of the 2016 auto care acquisition on July 1, 2016 which added $83.1, or 5.1%, the Change in Argentina operations of $2.6, or 0.2%, as well as the increase in organic sales of $49.9, or 3.1%. These increases were partially offset by the unfavorable impact of currency of $14.1, or 1.0%. Segment sales results for the twelve months ended September 30, 2017 are as follows:

- Americas net sales increased 11.0% versus the prior fiscal year, inclusive of a 0.1% decline due to unfavorable currency movements. Changes in Argentina operations had a favorable impact on net sales of $2.6, or 0.3%. The 2016 auto care acquisition improved net sales by 7.4%. Excluding the impact of currency movements, Argentina and 2016 the auto care acquisition, organic net sales increased 3.4% as a result of hurricane activity in the U.S. combined with the benefits of carryover distribution and shelf space gains and strong holiday activity. Partially offsetting these gains were investments made during the third and fourth quarter related to our portfolio optimization and the divestiture of the ad specialty business, which was acquired as part of the 2016 auto care acquisition, in May 2017.

- International net sales improved 1.9% versus the prior fiscal year, inclusive of a 2.0% decrease due to unfavorable currency movements. The 2016 auto care acquisition improved net sales by 1.4%. Excluding the impact of currency movements and the acquisition, organic net sales improved 2.5% driven primarily by improved pricing in certain markets as well as distribution gains and the timing of holiday activity. Offsetting some of the increase was competitive conditions and unfavorable mix in several markets, most notably Australia, during the first three quarters of fiscal 2017.

Segment Profit	For the Years Ended September 30,				
	2018	% Chg	2017	% Chg	2016
Americas					
Segment Profit - prior year	$310.0		$266.5		$255.3
Organic	13.7	4.4 %	23.9	9.0 %	11.3
International Go-to-Market	—	— %	—	— %	2.5
Change in Venezuela results	—	— %	—	— %	(2.5)
Impact of acquisitions	0.9	0.3 %	20.4	7.7 %	7.8
Change in Argentina operations *	(0.6)	(0.2)%	—	— %	0.3
Impact of currency	2.1	0.7 %	(0.8)	(0.4)%	(8.2)
Segment Profit - current year	$326.1	5.2 %	$310.0	16.3 %	$266.5
International					
Segment Profit - prior year	$143.0		$121.7		$136.2
Organic	(3.7)	(2.6)%	22.6	18.6 %	13.8
International Go-to-Market	—	— %	—	— %	(0.8)
Impact of acquisitions	—	— %	5.1	4.2 %	1.7
Impact of currency	10.3	7.2 %	(6.4)	(5.3)%	(29.2)
Segment Profit - current year	$149.6	4.6 %	$143.0	17.5 %	$121.7
Total Segment Profit					
Segment Profit - prior year	$453.0		$388.2		$391.5
Organic	10.0	2.2 %	46.5	12.0 %	25.1
International Go-to-Market	—	— %	—	— %	1.7
Change in Venezuela results	—	— %	—	— %	(2.5)
Impact of acquisitions	0.9	0.2 %	25.5	6.6 %	9.5
Change in Argentina operations *	(0.6)	(0.1)%	—	— %	0.3
Impact of currency	12.4	2.7 %	(7.2)	(1.9)%	(37.4)
Segment Profit - current year	$475.7	5.0 %	$453.0	16.7 %	$388.2

* Prior periods have been recast to remove the impact of Argentina operations from the previously reported Organic or Impact
of currency amounts for comparative purposes due to its designation as a highly inflationary economy as of July 1, 2018.

Refer to Note 19, Segments, in the Consolidated Financial Statements for a reconciliation from segment profit to earnings before income taxes.

Total segment profit in fiscal 2018 was $475.7, an increase of 5.0% versus the prior fiscal year, driven by an increase of $0.9, or 0.2%, from the Nu Finish acquisition, organic segment profit increase of 2.2% and favorable movement in foreign currency which improved segment profit by $12.4, or 2.7%. These increases were partially offset by $0.6, or 0.1%, of unfavorable changes in Argentina Operations. Segment operating profit results for the twelve months ended September 30, 2018 are as follows:

- Americas segment profit was $326.1, an increase of $16.1, or 5.2%, versus the prior fiscal year inclusive of the positive $2.1 impact of currency movements and $0.9 increase due to the Nu Finish acquisition. These increases were partially offset by $0.6 of unfavorable changes in Argentina operations. Excluding the impact of currency movements, the acquisition, and changes in Argentina operations, segment profit increased $13.7, or 4.4%. This increase was driven by top-line growth noted above as well as favorable gross margin improvement. In addition, lower A&P and Marketing & Selling expense contributed to the increased segment profit due to the higher spending in fiscal 2017 in support of our portfolio optimization and the launch of our improved Energizer Max offering.

- International segment profit was $149.6, an increase of $6.6, or 4.6%, versus the prior fiscal year inclusive of the positive $10.3 impact of currency movements. Excluding the impact of currency movements, segment profit decreased $3.7, or 2.6%, as top-line growth was more than offset by unfavorable product and customer mix and increased overhead spending due to current year investments in our continuous improvement initiatives.

Total segment profit in fiscal 2017 was $453.0, an increase of 16.7% versus the prior fiscal year, including an increase of $25.5, or 6.6%, due to the impact of the 2016 auto care acquisition and $46.5, or 12.0%, of organic growth. This increase was partially offset by a decrease of $7.2, or 1.9%, from unfavorable foreign currency impacts. Segment operating profit results for the twelve months ended September 30, 2017 are as follows:

- The Americas segment profit was $310.0, an increase of $43.5 or 16.3%, versus the prior fiscal year inclusive of the positive $20.4 impact of the 2016 auto care acquisition. Unfavorable foreign currency movements reduced segment profit by $0.8, or 0.4%. Excluding these items, segment profit increased $23.9, or 9.0%, driven by top-line growth noted above as well as favorable gross margin slightly offset by increased A&P spend and higher Marketing & Selling expense driven by higher net sales.

- International segment profit was $143.0, an increase of $21.3, or 17.5%, versus the prior fiscal year inclusive of the negative $6.4 impact of currency movements. The 2016 auto care acquisition increased segment profit by $5.1, or 4.2%. Excluding these items, segment profit increased $22.6, or 18.6%, driven by top-line growth noted above, favorable gross margin and A&P, slightly offset by increased overhead spending.

GENERAL CORPORATE	For the Years Ended September 30,		
	2018	2017	2016
General corporate and other expenses	$97.3	$92.5	$89.6
Global marketing expenses	19.0	21.5	19.1
Total	$116.3	$114.0	$108.7
% of net sales	6.5 %	6.5 %	6.7 %

For fiscal 2018, general corporate expenses were $97.3, an increase of $4.8 compared to fiscal 2017 expense of $92.5. The increase in fiscal 2018 was primarily due to increased compensation costs and mark to market expense on our unfunded deferred compensation liability. For fiscal 2016, general corporate expenses were $89.6. The increase in fiscal 2017 was due to additional general corporate expenses associated with the 2016 auto care acquisition.

Global marketing expenses were $19.0 in fiscal 2018, $21.5 in fiscal 2017, and $19.1 in fiscal 2016. The global marketing expense represents a center led approach to managing global marketing activities in support of our brands.

Liquidity and Capital Resources

Energizer’s primary future cash needs are centered on operating activities, working capital and strategic investments. We believe that our future cash from operations, together with our access to capital markets, will provide adequate resources to fund our operating and financing needs. Our access to, and the availability of, financing on acceptable terms in the future will be affected by many factors, including, but not limited to: (i) our credit rating, (ii) the liquidity of the overall capital markets and (iii) the current state of the economy. There can be no assurances that we will continue to have access to capital markets on terms acceptable to us. See “Risk Factors” for a further discussion.

Cash is managed centrally with net earnings reinvested locally and working capital requirements met from existing liquid funds. At September 30, 2018, Energizer had $522.1 of cash and cash equivalents, 99% of which was outside of the U.S. Given our extensive international operations, a significant portion of our cash is denominated in foreign currencies. We manage our worldwide cash requirements by reviewing available funds among the many subsidiaries through which we conduct our business and the cost effectiveness with which those funds can be accessed. The repatriation of cash balances from certain of our subsidiaries could have adverse tax consequences or be subject to regulatory capital requirements; however, those balances are generally available without legal restrictions to fund ordinary business operations.

The Company has a $350.0 senior secured revolving credit facility (Revolving Facility) which matures in 2020. Borrowings under the Revolving Facility will bear interest at LIBOR plus the applicable margin based on total Company leverage. As of September 30, 2018, the Company had $240.0 of outstanding borrowings under the Revolving Facility and had $6.7 of outstanding letters of credit. Taking into account outstanding letters of credit, $103.3 remains available as of September 30, 2018.

The Company plans to finance the Spectrum battery acquisition purchase price of $2,000.0, subject to certain purchase price adjustments, through the net proceeds from the issuance of new senior notes, term loans and cash on hand. On June 21, 2018, the Company finalized the pricing of two senior note offerings due in 2026 of $500.0 at 6.375% and €650.0 at 4.625% (2026 Notes), which were issued by wholly-owned subsidiaries. The 2026 Notes priced at 100% of the principal amount and the offering closed on July 6, 2018, with the funds held in escrow until certain conditions are met. Interest on the 2026 Notes began to accrue in July 2018.

In connection with the closing of the Spectrum battery acquisition, the Company expects to enter into a new senior secured first lien credit agreement, which would include a new 5-year $400.0 undrawn revolving credit facility and also provide for $1,200.0 of borrowings under a $200.0 3-year term loan A facility and $1,000.0 7-year term loan B facility. The borrowings are expected to bear interest at a rate per annum equal to, at the option of the Company, LIBOR or the Base Rate (as defined) plus the applicable margin based on total Company leverage. The new credit agreement is expected to contain customary affirmative and restrictive covenants. The new term loans began to accrue financing fees in July 2018.

Energizer intends to use the net proceeds from the offerings of the 2026 Notes, together with borrowings under the new term loans, to fund the Spectrum battery acquisition, to repay the debt outstanding under its existing credit agreement, and to pay related fees, costs and expenses.

The Company is also committed to pay a $100.0 termination fee to Spectrum if the Spectrum battery acquisition does not close by July 15, 2019, and all conditions precedent to the Company’s obligation to consummate the Spectrum battery acquisition have otherwise been satisfied except for one or more of the regulatory approval conditions specified in the acquisition agreement. Success fees of $11.0 are due to the financial adviser, subject to the closing of the transaction. In addition, $2.0 was paid in January 2018 to the financial adviser for services rendered on the transaction.

Debt Covenants

The credit agreements governing the Company's debt agreements contain certain customary representations and warranties, affirmative, negative and financial covenants, and provisions relating to events of default. If the Company fails to comply with these covenants or with other requirements of these credit agreements, the lenders may have the right to accelerate the maturity of the debt. Acceleration under one of these facilities would trigger cross defaults to other borrowings. As of September 30, 2018, the Company was, and expects to remain, in compliance with the provisions and covenants associated with its debt agreements.

Operating Activities

Cash flow from operating activities is the primary funding source for operating needs and capital investments. Cash flow from operating activities was $228.7 in fiscal 2018, $197.2 in fiscal 2017, and $193.9 in fiscal 2016.

Cash flow from operating activities was $228.7 in fiscal 2018 as compared to $197.2 in the prior fiscal year. The increase was primarily driven by the year over year improvement in working capital of $47, driven primarily by Accounts Receivable. The strong operating performance in the last quarter of fiscal 2017, largely driven by hurricane activity in the U.S., as well as strong organic growth in fiscal 2018, driven by distribution gains, increased volumes, price increases and our portfolio optimization, resulted in higher cash collections in fiscal 2018 as compared to fiscal 2017. The improvements in working capital were partially offset by lower year over year net earnings, driven by higher cash costs associated with the Spectrum battery acquisition.

Cash flow from operating activities was $197.2 in fiscal 2017 as compared to $193.9 in the prior fiscal year. The increase in net earnings of $56.9, excluding the gain on real estate of $16.9, positively contributed to operating cash flow in the twelve month period. Year over year increases in working capital of $43.8 offset the increased net earnings. Working capital changes year over year were driven by several factors: Accounts receivable increased approximately $40 as a result of strong fourth quarter sales due primarily to hurricane activity in the U.S., distribution gains in certain international markets and timing of holiday activity. Inventory also increased approximately $43 in support of our innovation, portfolio changes and changes to our manufacturing footprint in preparation of execution during the first half of fiscal year 2018. These increases were partially offset by a decrease in accruals, primarily related to fewer payments of spin related costs in fiscal 2017 and higher accrued A&P expenses at September 30, 2017 versus the prior year.

Investing Activities

Net cash used by investing activities was $56.2 in fiscal 2018, net cash from investing activities was $2.0 in fiscal 2017, and net cash used by investing activities was $371.2 in fiscal 2016, and consisted of the following:

- Capital expenditures were $24.2, $25.2, and $28.7 in fiscal years 2018, 2017 and 2016, respectively.
- Proceeds from asset sales were $6.1, $27.2 and $1.5 in fiscal 2018, 2017 and 2016, respectively. The fiscal 2018 proceeds were related to the sale of a previously closed manufacturing facility and the fiscal 2017 proceeds were related to the sales of a previously closed facility, office space and land.
- Acquisitions, net of cash acquired, were $38.1 in fiscal 2018 for the purchase of Nu Finish and $344.0 in fiscal 2016 for the purchase of the 2016 auto care business.

Investing cash outflows of approximately $30 to $35 are anticipated in fiscal 2019 for capital expenditures relating to maintenance, product development and cost reduction investments.

Financing Activities

Net cash from financing activities was $1,226.3 in 2018 and net cash used by financing activities was $106.9 and $45.4 in fiscal year 2017 and 2016, respectively. For fiscal 2018, cash flow from financing activities consists of the following:

- Cash proceeds from issuance of debt with original maturities greater than 90 days of $1,259.9 representing the funds currently held in escrow for the Spectrum battery acquisition;
- Payments on debt with maturities greater than 90 days representing the quarterly principal payments on the seven-year $400.0 senior secured term loan B facility (Term Loan);
- Increase on debt with maturities of 90 days or less of $143.4 representing the increase in notes payable and our Revolving Facility;
- Dividends paid of $70.0 during fiscal 2018 (see below);
- Purchase of treasury stock representing the cash paid for stock repurchases under the current authorization during the twelve months ended September 30, 2018 (see below);
- Taxes paid for withheld share-based payments of $10.4; and
- Debt issuance costs of $22.6 related the escrowed bonds for the Spectrum battery acquisition.

For fiscal 2017, cash flow used by financing activities consists of the following:

- Payments on debt with maturities greater than 90 days representing the quarterly principal payments on the seven-year $400.0 senior secured term loan B facility (Term Loan);
- Increase on debt with maturities of 90 days or less of $36.5 representing the increase in notes payable and our Revolving Facility;

- Dividends paid of $69.1 during fiscal 2017 (see below);
- Purchase of treasury stock representing the cash paid for stock repurchases under the current authorization during the twelve months ended September 30, 2017 (see below);
- Taxes paid for withheld share-based payments of $10.0; and
- Debt issuance costs of $0.8.

For fiscal 2016, cash flow used by financing activities consists of the following:

- Payments on debt with maturities greater than 90 days representing the quarterly principal payments on the Term Loan
- Increase on debt with maturities of 90 days or less of $58.9 representing the increase in notes payable and our Revolving Facility
- Dividends paid of $62.7 during the fiscal 2016 (see below)
- Debt issuance costs of $1.6 primarily representing the fees paid as part of the July 1, 2016 bridge loan associated with the 2016 auto care acquisition
- Purchase of treasury stock representing the cash paid for stock repurchases under the current authorization during the twelve months ended September 30, 2016 (see below) and
- Net taxes paid of $5.2 representing the liquidation of restricted stock equivalent awards (RSEAs) upon vesting.

Dividends
Total dividends declared to shareholders were $72.1 of which $70.0 were paid. The unpaid dividends were associated with unvested restricted shares and were recorded in other liabilities.

Subsequent to the fiscal year end, on November 12, 2018, the Board of Directors declared a dividend for the first quarter of fiscal 2019 of $0.30 per share of common stock, payable on December 13, 2018, to all shareholders of record as of the close of business on November 30, 2018.

Share Repurchases
On July 1, 2015, the Company's Board of Directors approved an authorization for Energizer to acquire up to 7.5 million shares of its common stock. Under this authorization, the Company has repurchased 1,439,211 shares for $70.0, at an average price of $48.66 per share, 1,389,027 shares for $58.7, at an average price of $42.23 per share, and 832,971 shares for $32.6, at an average price of $39.06 per share, during the twelve months ended September 30, 2018, 2017 and 2016. At September 30, 2016, the Company had a current liability of $0.8 for a portion of these repurchases with the cash payment occurring in the first three days of fiscal 2017. Future share repurchase, if any, would be made on the open market and the timing and the amount of any purchases will be determined by the Company based on its evaluation of the market conditions, capital allocation objectives, legal and regulatory requirements and other factors.

Contractual Obligations

A summary of Energizer's contractual obligations at September 30, 2018 is shown below:

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt, including current maturities	$988.0	$4.0	$8.0	$376.0	$600.0
Long-term debt held in escrow	1,254.2	—	—	—	1,254.2
Interest on long-term debt (1) (2)	792.3	107.5	213.9	204.7	266.2
Notes payable	247.3	247.3	—	—	—